

**SHELLY GROUP SE**

**ANNUAL SEPARATE REPORT ON THE ACTIVITY  
ANNUAL SEPARATE FINANCIAL STATEMENTS**

**DECEMBER 31, 2025**



# **ANNUAL SEPARATE REPORT ON THE ACTIVITY**

**SHELLY GROUP SE**

**FOR 2025**



**THIS REPORT ON THE ACTIVITY HAS BEEN PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ART. 39 AND THE FOLLOWING OF THE ACCOUNTANCY ACT, ART. 100N, PARA 7 OF THE PUBLIC OFFERING OF SECURITIES ACT AND APPENDICES No. 2 AND No. 3 OF ORDINANCE No 2 of 9.11.2021 ON INITIAL AND SUBSEQUENT DISCLOSURE OF INFORMATION IN CASE OF PUBLIC OFFERING OF SECURITIES AND ADMISSION OF SECURITIES TO TRADING ON A REGULATED MARKET.**

**DEAR SHAREHOLDERS,**

We, the members of the Board of Directors of SHELLY GROUP SE /“the Company”/, committed to manage the company in the best interest of the shareholders, as well as following the requirements of the provisions of Art. 39 and the following of the Accountancy Act (effective since 01.01.2021), Art. 100n, Para 7 of the Public Offering of Securities Act and Appendix No. 2 and No. 3 of Ordinance No. 2 of 9 November on initial and subsequent disclosure of information in case of public offering of securities and admission of securities to trading on a regulated market, have prepared this report on the activity (hereinafter “The Report”). The Report provides comments and analysis of the separate financial statements and other material information regarding the financial position and the financial performance of the company. The report contains an objective review that presents fairly the development and performance of SHELLY GROUP SE, as well as its position, including a description of the main risks it faces.

The circumstances that occurred in 2025, which the Company’s management believes may be of significance to the investors in deciding to acquire, sell or continue to hold publicly offered securities, have been disclosed within the time limits provided for in the Public Offering of Securities Act and by the Financial Supervision Commission, investors and the regulated securities market.

*This Report on the activity of Shelly Group SE (“the Company”/ “the Issuer”) presents information about the Company on a separate basis as of December 31, 2025, and covers the period 01.01.2025-31.12.2025 (“the reporting period”).*

## 1. GENERAL INFORMATION ABOUT THE COMPANY

SHELLY GROUP SE is a European company, established in 2010 in the city of Sofia and entered into the Commercial Register with the Registry Agency on 11.02.2010 under UIC (unified identification code): 201047670, issuer of shares, traded on regulated market with LEI code 8945007IDGKD0KZ4HD95. The Company is registered for unlimited period of time. The name in Latin shall be written as follows: Shelly Group SE.

By decision of the General Meeting of Shareholders held on October 14, 2024, Shelly Group SE (formerly Shelly Group AD) was transformed from a joint-stock company into a European company (SE) in accordance with Chapter Nineteen of the Commerce Act and Article 37 of Council Regulation (EC) No 2157/2001 of October 8, 2001, on the Statute of the European company (SE).

The Company’s seat and management address is: the Republic of Bulgaria, Sofia region, Capital Municipality, 1407 Sofia, 51, Cherni Vrah Blvd., building 3, floors 2 and 3. The correspondence address is the same; tel.: +359 2957 12 47. The Company’s website is <http://www.corporate.shelly.com/>.

The Company is public in the sense of the Public Offering of Securities Act, as it is entered as a public company in the register kept by the FSC with Decision 774 - PD of November 14, 2016 as a result of a successfully completed primary public offering of shares from the Company’s capital increase.

As of 22.11.2021, the shares of Shelly Group SE are traded on two EU regulated markets - the Bulgarian Stock Exchange and the Frankfurt Stock Exchange.

The Company operates in accordance with Bulgarian legislation.

The economic group that consists of the parent company SHELLY GROUP SE and its subsidiaries is presented below in p. 2:

As of 31.12.2025 the structure of the capital of SHELLY GROUP SE is the following:

**Table 1**

SHAREHOLDER	% OF CAPITAL
Svetlin Todorov	27,79%
Dimitar Dimitrov	28,84%
Other individuals and legal entities	43,37%

### 1.1. In-kind contributions made in the last three financial years

In the last three financial years, no in-kind contributions were made to the Company’s share capital.

### 1.2. Information about the management system

As of 31.12.2025 SHELLY GROUP SE has a one-tier management system - 5-member Board of Directors (BD).

In connection with the transformation of the Company from a joint-stock company into a European company (SE) in accordance with Chapter Nineteen of the Commerce Act and Article 37 of Council Regulation (EC) No 2157/2001 of October 8, 2001, on the Statute of the European company (SE), by its decision of 14.10.2024, the General Meeting of Shareholders has re-elected the members of the Board of Directors, and the latter, by its decision of the same date, has distributed their functions as follows:

- 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.

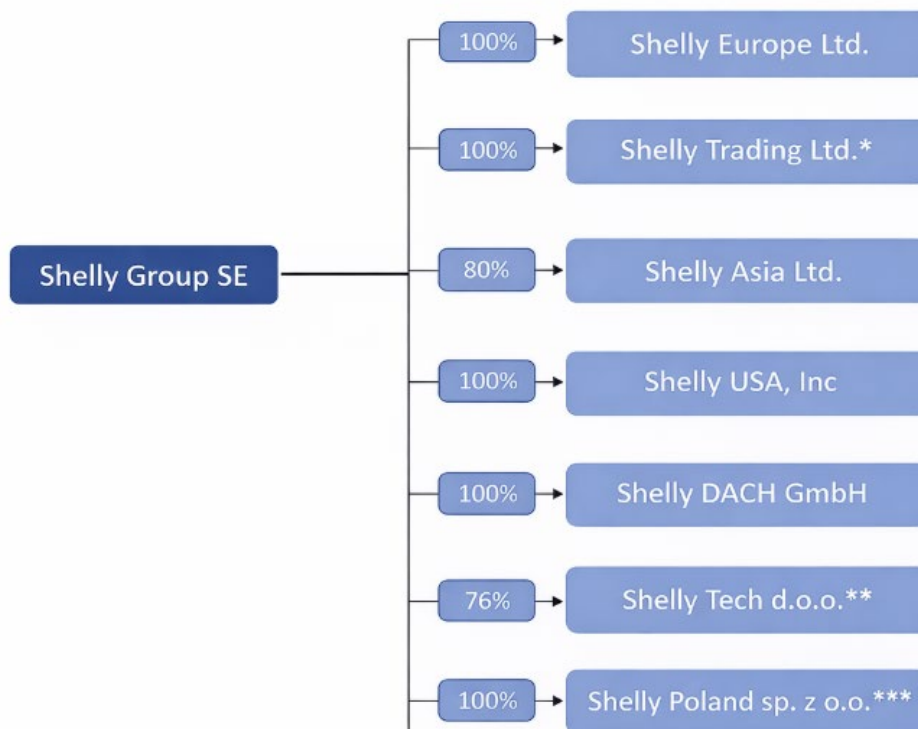
The representative members of the Board of Directors represent the Company jointly or separately.

As of January 5, 2026, the mandate of the members of the Board of Directors has been extended in accordance with the decision of the General Meeting of Shareholders from June 2, 2025.

**2. REVIEW OF THE COMPANY’S BUSINESS ACTIVITY AND STATUS**

As of 31.12.2025 SHELLY GROUP SE reports investments in other companies.

**Structure of the economic group as of 31.12.2025:**



\* The subsidiary company 'Shelly Trading' EOOD has a branch in the United Kingdom of Great Britain and a representative office in the Netherlands.

\*\* The remaining 24% of the shares of the Slovenian company, owned by three partners – individuals, are subject to a Call/Put option, which can be exercised in 2026 according to the terms of the option agreement, concluded and disclosed in January 2023.

\*\*\* On April 24, 2025, following a decision by the Board of Directors of "Shelly Group" SE, a subsidiary Shelly Poland SP. Z O O was established in Poland with a capital of BGN 732 thousand (PLN 1,600,000).

In the second quarter of 2024, the Company exercised its Call option to acquire an additional 50% in the associated company Shelly Asia Ltd., (formerly Allterco Asia Ltd.), and thus the ownership share reaches 80%. The price paid for the newly acquired shares is EUR 520 000.

SHELLY GROUP SE has an associate participation in the amount of 8,010 preferred shares, representing 8.495% of the capital of Ground Solutions Group AD, UIC: 206606897. The participation was acquired as a result of transformation through the merger of Corner Solutions EOOD into Ground Solutions Group AD.

The main activity of SHELLY GROUP SE according to Art. 4 of the Statute 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 SHELLY GROUP SE participates: purchase of goods and other items for resale in original, processed form; sale of goods of own production; foreign trade transactions; commission, forwarding, warehouse and leasing transactions; transport transactions in the country and abroad; transactions of commercial representation and mediation of local and foreign individuals and legal entities; consulting and marketing transactions; provision of management and administration services to local and foreign legal entities; as well as any other commercial transactions not prohibited by law.

### 3. RESULTS FROM OPERATIONS

#### 3.1. Revenue and results of operations

As of December 31, 2025, the Company reported dividend income in the amount of BGN 100 000 thousand, while for the same period of the previous year it reported BGN 4 500 thousand, which is an increase of 2,122.2%. Other operating income amounts to BGN 274 thousand compared to BGN 106 thousand for the previous year, which is an increase of 158.5%.

For the current period, financial income from operations amounts to BGN 99 thousand, compared to BGN 391 thousand reported in the previous year, which is a decrease of 74.7%. The decrease is mainly due to higher income from foreign exchange operations in 2024.

By the end of 2025, the Company reports a net profit of BGN 82,332 thousand, which represents a profit growth of 4,049.8% compared to the previous year.

**Table 2**

REVENUE	2023 BGN'000	Change %	2024 BGN'000	Change %	2025 BGN'000
Dividend income	11 000	(59.1%)	4 500	2 122.2%	100 000
Other income	36	194.4%	106	158.5%	274
<b>Total operating revenues</b>	<b>11 036</b>	<b>(58.3%)</b>	<b>4 606</b>	<b>2 077.0%</b>	<b>100 274</b>
Profit from sale of investments	-	-	1 161	-	-
Financial income	249	57.0%	391	(74.7%)	99
<b>Total</b>	<b>249</b>	<b>525.3%</b>	<b>1 552</b>	<b>(93.6%)</b>	<b>99</b>

### 3.2. Operating expenses

By the end of the year, the Company's total operating expenses have increased by 394.3% compared to the previous year. This is mainly due to remuneration expenses, which have risen by 712.1%, followed by other operating expenses with an increase of 4270.0%. For information regarding remuneration expenses, see also note 5.03 of the separate financial statements as of 31.12.2025.

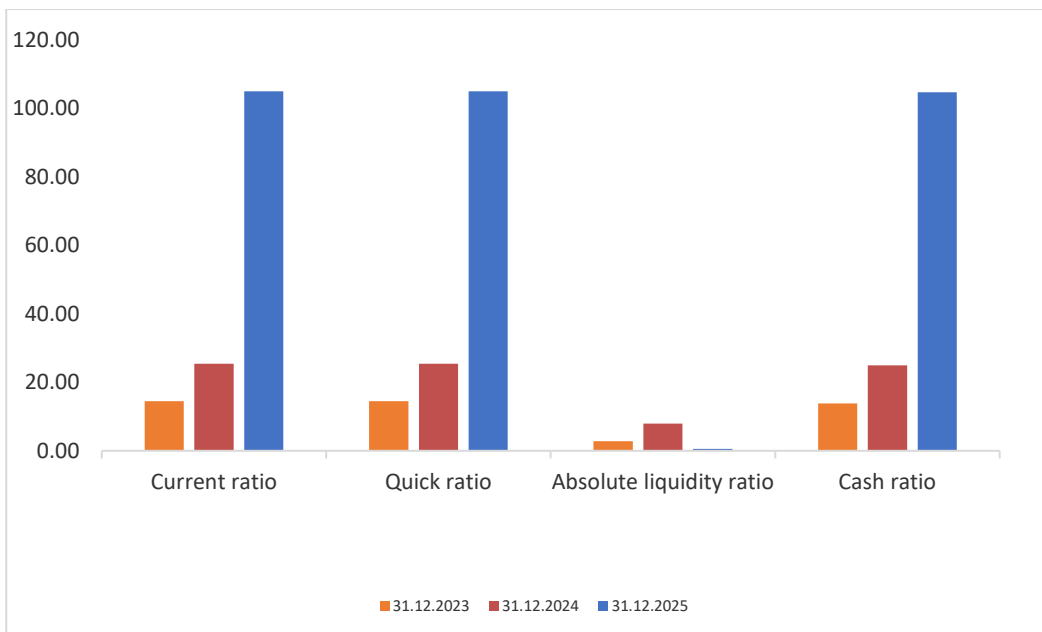
The largest portion of operating expenses for the reporting year is represented by expenses for salaries and social security contributions, accounting for 89.1% of total expenses, followed by expenses for hired services, accounting for 7.9%.

**Table 3**

EXPENSES	2023 BGN'000	Change %	2024 BGN'000	Change %	2025 BGN'000
Expenses for materials	(6)	0.0%	(6)	83.3%	(11)
Hired services expenses	(1 201)	40.4%	(1 686)	(8.2%)	(1 548)
Depreciation/ amortization expenses	(47)	19.1%	(56)	17.9%	(66)
Salaries and social security contributions	(1 599)	33.8%	(2 140)	712.1%	(17 380)
Other expenses	(14)	257.1%	(50)	42.0%	(71)
<b>Total administrative expenses</b>	<b>(2 867)</b>	<b>37.4%</b>	<b>(3 938)</b>	<b>384.4%</b>	<b>(19 076)</b>
Receivables/impairment written off	(487)	(100.0%)	-	-	-
Other operating expenses	(8)	25.0%	(10)	4 270%	(437)
<b>Total operating expenses</b>	<b>(3 362)</b>	<b>17.4%</b>	<b>(3 948)</b>	<b>394.3%</b>	<b>(19 513)</b>

### 3.3. Financial indicators

#### Liquidity



**Table 4**

LIQUIDITY RATIOS	31-12-23	31-12-24	31-12-25
Current ratio	14.50	25.39	104.98
Quick ratio	14.50	25.39	104.98
Absolute liquidity ratio	2.83	7.94	0.59
Cash ratio	13.84	24.95	104.74

**The current liquidity ratio at the end of the reporting period increased due to the following:** current assets increased by 592.7% compared to the end of 2024, while current liabilities decreased by 67.6%.

**The quick liquidity ratio at the end of the reporting period increased due to the following:** current assets increased by 592.7% compared to the end of 2024, while current liabilities increased by c 67.6%.

**The absolute liquidity ratio at the end of the reporting period at the end of the reporting period decreased due to the following:** current liabilities increased by 67.6% compared to the end of 2024, while cash decreased by 87.5%.

**The cash ratio at the end of the reporting period increased due to the following:** current liabilities increased by 67.6% compared to the end of 2024, while cash decreased by 87.5%, trade receivables decreased by 99.9%, and receivables from related companies increased by 1084.5%.

### Capital leverage ratios

**Table 5**

FINANCIAL LEVERAGE RATIOS	31-12-23	31-12-24	31-12-25
Debt/Equity	0.07	0.03	0.01
Debt/Assets	0.06	0.03	0.01
Equity/Debt	14.70	37.68	67.02

**The change in the debt/equity ratio at the end of the reporting period is due to the following:** The liabilities of the Company increased by 124.8% compared to 2024, and the equity increased by 299.8%.

**The change in the debt/assets ratio at the end of the reporting period is due to the following:** The total assets of the Company increased by 295.3% compared to the end of 2024, while the total liabilities of the Company increased by 124.8%.

**The change in the equity/debt ratio at the end of the reporting period is due to the following:** the total amount of liabilities of the Company increased by 124.8% compared to the end of 2024 and equity increased by 299.8%.

### 3.4. Key indicators

Summary information on the financial performance of SHELLY GROUP SE for the last three financial periods is presented in the following charts and tables:

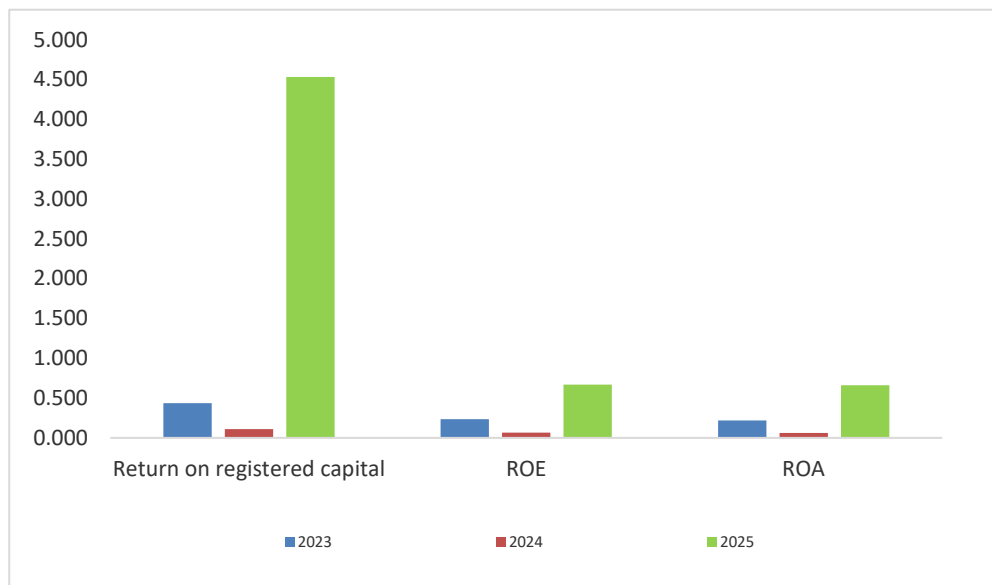
**Table 6**

	2023 BGN'000	2024 BGN'000	2025 BGN'000
EBITDA	7 721	714	80 827
EBIT	7 674	658	80 761

**Table 7**

INDICATORS	2023 BGN'000	2024 BGN'000	2025 BGN'000
Dividend income	11 000	4 500	100 000
Equity	33 335	30 743	122 916
Non-current liabilities	1 228	214	825
Current liabilities	1 040	602	1 009
Non-current assets	20 526	16 274	18 865
Current assets	15 077	15 285	105 885
Working capital	14 037	14 683	104 876
Cash	2 943	4 778	596
Total debt	2 268	816	1 834
Interest expense	45	27	6
Current receivables	11 450	10 244	105 045
Expenses for ordinary activities	3 362	3 948	19 513
Materials expenses	6	6	11

### 3.5. Profitability ratios



**Table 8**

PROFITABILITY RATIO	2023	2024	2025
Return on registered capital	0.435	0.110	4.534
ROE	0.236	0.065	0.670
ROA	0.221	0.063	0.660

#### **Return on equity (ROE)**

By the end of 2025, the return on equity increases to 0.670 compared to the previous financial year. The reason for this is the 4,049.8% growth in the Company's net profit. In 2025, compared to 2024, the Company's equity increases by 299.8%.

### **Return on assets (ROA)**

The value of the return on assets ratio at the end of 2025 is 0.660 and is increasing compared to the previous financial year. For 2025, SHELLY GROUP SE reports an increase in net profit, while at the same time the Company's assets increase by 295.3%.

### **Return on registered capital**

By the end of the reporting year, the return on registered capital is 4.534 and has increased compared to 2024. In 2025, compared to 2024, the Company's reported net profit increases by 4,049.8%, while during the year the Company's registered capital increases by only 0.3%.

## **4. HUMAN RESOURCES**

As of the end of the reporting year, the average number of employees in SHELLY GROUP SE is 8 people, including key management personnel of 4 people related to the group operations.

The relationships with workers and employees are regulated under separate labour contracts.

The Company's management strives to improve the standard of living of its employees beyond the working hours during which they are directly focused on their business commitments.

## **5. ENVIRONMENTAL PROTECTION POLICY**

The Company does not carry out activities that have negative impact on the environment. Nevertheless, the Company strives to limit the use of materials produced from non-renewable energy sources and implements an energy safety program. In 2025, the companies in the group continue to work on the development and implementation of environmental and social governance (ESG) policies.

## **6. SUSTAINABILITY REPORT**

In accordance with the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting and the provisions of The Accountancy Act effective as of 28.02.2025 the Company has no obligation to issue a report for the reporting period ended December 31, 2024 as part of the annual report on the activities. According to § 30 of transitional and final provisions of the Accountancy Act, with the latest amendment in force from January 1, 2026, provided that the Company's development trend is maintained it is not within the scope of the requirements for preparing a sustainability report.

## **7. MAIN RISKS FOR THE COMPANY**

The risks related to the business operation of the Company can be generally divided into systematic (overall) and non-systematic (related specifically to its activity and the industry where it operates). The Company is also associated with the similar risk categories inherent in its activity and the industry where its subsidiaries operate insofar as they are the main source of the Company's revenue. In addition, the investors in financial instruments of the Company are exposed to risks related to investments in securities (derivative and underlying).

## 7.1. SYSTEMATIC RISKS

Systematic risks are related to the market and the macro environment in which the Company operates, which is why they cannot be managed and controlled by the Company’s management team. Systematic risks are the following: political risk, macroeconomic risk, inflation risk, currency risk, interest rate risk, tax risk and unemployment risk.

**Table 9**

Type of risk	Description														
POLITICAL RISK	<p>Political risk is the likelihood of a change of government, or of a sudden change in its policy, of occurrence of internal political upheavals and unfavourable changes in European and/or national legislation, which would have an adverse impact on the environment in which local businesses operate, and investors would incur losses.</p> <p>Political risks for Bulgaria internationally are related to the commitments undertaken to implement serious structural reforms in the country in its capacity as an equal member of the EU, increasing social stability, limiting inefficient spending, on the one hand, as well as to the strong destabilization of the Middle East countries, the military interventions and conflicts in the region of the former Soviet Union, the refugee waves generated by these factors, and the potential instability of other key countries in the immediate vicinity of the Balkans. Since the beginning of 2025, a significant political factor has been the US-led foreign policy regarding NATO, the EU, and Europe.</p> <p>It should be also considered the ongoing tension and military hostilities in the Middle East, which create conditions for increased geopolitical and economic uncertainty in international markets, including potential fluctuations in energy prices and supply chain disruptions. As of the date of this report, management has not identified any material direct impact on the Company’s operations and financial position.</p> <p>Other factors that also affect this risk are the possible legislative changes, and in particular, those concerning the economic and investment climate in the country.</p>														
GENERAL MACRO-ECONOMIC RISK	<p>According to the National Statistical Institute, in December 2025 the overall business climate indicator decreased by 3.1 points compared to the previous month (from 16.1% to 13%), with a decrease in the indicator recorded in all observed sectors - industry, construction, retail trade, and services.<sup>1</sup></p> <p>The average annual growth of real GDP is expected to be 1.4% in 2025, 1.2% in 2026, 1.4% in 2027, and 1.4% in 2028. Compared to the September 2025 forecasts, GDP growth has been revised upwards for the entire forecast period, reflecting better-than-expected data, reduced trade policy uncertainty, stronger external demand, and lower energy commodity prices.<sup>2</sup></p>														
INTEREST RATE RISK	<p>The interest rate risk is related to possible, eventual, adverse changes in the interest rates established by the financial institutions of the Republic of Bulgaria.</p> <table border="1" data-bbox="774 1688 1058 1921"> <thead> <tr> <th colspan="2" data-bbox="805 1688 1026 1720">Base interest rate</th> </tr> <tr> <th data-bbox="774 1727 831 1753">Date</th> <th data-bbox="954 1727 979 1753">%</th> </tr> </thead> <tbody> <tr> <td data-bbox="774 1760 895 1787">01.01.2025</td> <td data-bbox="1007 1760 1058 1787">2.95</td> </tr> <tr> <td data-bbox="774 1794 895 1821">01.02.2025</td> <td data-bbox="1007 1794 1058 1821">2.82</td> </tr> <tr> <td data-bbox="774 1827 895 1854">01.03.2025</td> <td data-bbox="1007 1827 1058 1854">2.59</td> </tr> <tr> <td data-bbox="774 1861 895 1888">01.04.2025</td> <td data-bbox="1007 1861 1058 1888">2.39</td> </tr> <tr> <td data-bbox="774 1895 895 1921">01.05.2025</td> <td data-bbox="1007 1895 1058 1921">2.24</td> </tr> </tbody> </table>	Base interest rate		Date	%	01.01.2025	2.95	01.02.2025	2.82	01.03.2025	2.59	01.04.2025	2.39	01.05.2025	2.24
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Date	%														
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01.03.2025	2.59														
01.04.2025	2.39														
01.05.2025	2.24														

<sup>1</sup> [Observation of business trends in industry, construction, retail, and services - December 2025](#)

<sup>2</sup> [publications\\_ecb\\_mb\\_202508\\_bg.pdf](#)

	<p>01.06.2025 2.07  01.07.2025 1.91  01.08.2025 1.82  01.09.2025 1.82  01.10.2025 1.81  01.11.2025 1.80  * Source: BNB <sup>3</sup></p> <p>At its meeting on December 18, 2025, the Governing Council decided to keep the three main ECB interest rates unchanged.<sup>4</sup></p>
INFLATION RISK	<p>Inflation risk is a general rise in prices in which money depreciates and there exists a probability of loss to households and firms.</p> <p>The consumer price index (CPI) is an official measure of inflation in the Republic of Bulgaria. It estimates the total relative change in the prices of goods and services used by households for personal (non-production) consumption and the index is calculated by applying the structure of the final cash consumer expenditure of Bulgarian households.</p> <p>According to NSI, the monthly inflation is 0.1%, and the annual inflation is 5.0%. Inflation is measured using the CPI, with the monthly inflation referring to December 2025 compared to the previous month, and the annual inflation referring to December 2025 compared to the same month of the previous year.[...] The average annual inflation for the period January 2025 - December 2025 compared to the period January 2024 - December 2024 is 4.6%.<sup>5</sup></p> <p>The Harmonized Index of Consumer Prices is a comparable measure of inflation in EU countries. It is one of the criteria for price stability and for Bulgaria's accession to the eurozone. HICP, like CPI, measures the overall relative change in the level of prices of goods and services.</p> <p>According to the NSI, measured by the HICP in December 2025, the monthly inflation is 0.1%, and the annual inflation for December 2025 compared to December 2024 is 3.5%. The average annual inflation for the period January 2025 - December 2025 compared to the period January 2024 - December 2024 is 3.5%.<sup>6</sup></p> <p>In the macroeconomic forecasts for the euro area from December 2025 by the experts of the Eurosystem, overall inflation is projected to be on average 2.1% in 2025, 1.9% in 2026, 1.8% in 2027, and 2.0% in 2028. Regarding inflation excluding energy and food, the experts expect 2.4% in 2025, 2.2% in 2026, 1.9% in 2027, and 2.0% in 2028, respectively. [...] Annual inflation in the euro area, measured by the harmonized index of consumer prices (HICP), has fluctuated within narrow limits since the spring of 2025, and in November remained at a level of 2.1%. Energy prices were 0.5% lower compared to November 2025 after the significant decrease observed in October. Food price inflation was 2.4% compared to 2.5% in October and 3.0% in September. Inflation excluding energy and food remained unchanged at a level of 2.4%, with inflation for goods and services moving in opposite directions. Goods inflation slowed to 0.5% in November compared to 0.6% in October and 0.8% in September. Service inflation rose to 3.4% in October and 3.5% in November compared to 3.2% in September.<sup>7</sup></p>
CURRENCY RISK	<p>Currency risk will have an impact on companies with market shares, the payments of which are made in a currency other than BGN and EUR. Since, according to the current legislation in the country the Bulgarian lev is fixed to the euro in the ratio EUR 1 = BGN 1.95583, and</p>

<sup>3</sup> [Bulgarian National Bank](#)

<sup>4</sup> [publications ecb mb 202508 bg.pdf](#)

<sup>5</sup> [Inflation and consumer prices indices - December 2025](#)

<sup>6</sup> [Inflation and consumer prices indices - December 2025](#)

<sup>7</sup> [publications ecb mb 202508 bg.pdf](#)

	<p>the Bulgarian National Bank is obliged to maintain a level of Bulgarian levs in circulation equal to the Bank's foreign exchange reserves, the risk of devaluation of the BGN compared to the European currency is minimal and consists in the eventual early abolition of the currency board in the country. At this stage, this seems unlikely, as the currency board is expected to be abolished upon the adoption of the EUR in Bulgaria as an official unit of payment.</p> <p>On July 8, 2025, the Council of the European Union officially approved Bulgaria's accession to the eurozone effective from January 1, 2026, and set the exchange rate of the lev at 1.95583 per 1 euro. This is the current central rate of the lev in the Exchange Rate Mechanism (ERM II), in which the currency has participated since July 10, 2020. The European Central Bank (ECB) and the Bulgarian National Bank have agreed to monitor the movement of the Bulgarian lev against the euro on the foreign exchange market until January 1, 2026.<sup>8</sup></p> <p>On January 1, 2026, the euro officially entered circulation in Bulgaria, bringing the number of European Union (EU) member states using the single European currency to 21. This is a result of the official decision made in July, which also announced the official exchange rate of 1.95583 Bulgarian leva per 1 euro.<sup>9</sup></p> <p>This does not eliminate the risk of adverse movements in the euro exchange rate against other major currencies (US dollar, British pound, Swiss franc) on international financial markets, but at present the Company does not consider such risk to be significant with respect to its operations. The Company may be affected by currency risk depending on the type of currency of cash inflows and the type of currency of potential loans of the Company.</p> <p>The companies of the Shelly Group SE operate both in Bulgaria and in EU countries and third countries, mainly in the USA, Latin America, Australia, and China. At present, the main revenues from the Group's IoT business are in leva or euros, while the costs for the delivery of goods in this segment are mainly in US dollars and are largely linked to the Chinese yuan, which is why an increase in the US dollar or Chinese yuan would have an adverse impact on operational results. Regarding the Group's exposure to the US dollar, no significant revenues from sales in US dollars are expected in the future as a relative share of the Group's total sales revenues. At the same time, the relative share of revenues in yuan is expected to grow at a faster pace.</p> <p>To limit the effects of the currency risk, the companies of the Group have introduced a system for planning the deliveries from countries inside and outside the EU, as well as procedures for ongoing monitoring of the movements in the exchange rates of the foreign currencies and control over the forthcoming payments. Currently, the Group companies do not use derivative instruments for hedging the currency risk but, if necessary, the management is ready to enter into such transactions.</p>
<p>CREDIT RISK OF THE STATE</p>	<p>Credit risk represents the probability of deterioration of Bulgaria's international credit ratings, caused by the inability of the state to regularly repay its liabilities. Low credit ratings of the state may lead to higher interest rates, more difficult financing conditions for both state and individual entities, including the Company. Credit ratings are prepared by specialized credit rating agencies and serve to determine and measure a state's credit risk.</p> <p>The credit rating is an assessment of the quality and security of an issuer's bond debt, formed based on an analysis of its financial position. Rating services are carried out by specialized rating agencies and represent an evaluation of the creditworthiness and the ability to service the borrowed funds used by a particular borrower upon their maturity.</p> <p>Through extraordinary rating actions, the international rating agencies Fitch Ratings and S&amp;P Global Ratings have upgraded Bulgaria's long-term foreign currency credit rating to</p>

<sup>8</sup> [Bulgaria will join the Eurozone on 1 January 2026 \(europa.eu\)](https://europa.eu)

<sup>9</sup> [Bulgaria introduces the euro](#)

	<p>'BBB+' with a stable outlook, which is the highest level among mid-range investment ratings. The official decision of the European Union Council for Bulgaria's accession to the eurozone, effective from January 1, 2026, is the leading factor for the country's rating upgrade.<sup>10</sup></p> <p>In its report dated July 10, 2025, the international rating agency <b>Fitch Ratings</b> upgraded Bulgaria's long-term credit rating in foreign and local currency to 'BBB' with a stable outlook.</p> <p><b>Key indicators:</b> Bulgaria's ratings are supported by its strong external and public financial balances compared to 'BBB'-rated competitors and a reliable political framework backed by EU membership. This is balanced by low labor productivity and adverse demographic data, which put pressure on potential growth and state finances in the long term. Recent unstable coalition governments have affected the implementation of reforms, and the perception of corruption is high.</p> <p><b>Solid economic growth:</b> It is expected real GDP growth to remain stable at 2.8% in 2025, as uncertainty around global trade is offset by an improved domestic political situation. Strong growth in nominal wages and preliminary consumption ahead of eurozone entry will support steady household spending. We remain cautious regarding the capacity and pace of reform implementation, but it is likely that the flow of EU funds will increase and support investment. The forecast is for GDP growth of 2.5% in 2026, with potential for increase related to euro adoption. Increased trade uncertainty and global slowdown are key risks, mainly due to secondary effects, as direct exposure to the US is low.</p> <p><b>Overall stable inflation:</b> HICP inflation slowed to 2.9% year-on-year in May, after rising to 4% at the beginning of 2025, driven by higher prices for services and food, as well as the repeal of reduced VAT rates for certain products and services. It is expected HICP inflation to average 3.3% in 2025, compared to 2.6% in 2024, above the current median for competitors of 2.9%. The forecast is that inflation will slightly decrease to 2.8% in 2026. Joining the eurozone could accelerate the process of real convergence, including convergence of incomes, productivity, and prices, with the EU averages in the medium term.</p> <p><b>Fiscal deficits:</b> Fitch forecasts that the consolidated government budget deficit will remain at 3% of GDP in 2025-2026 (compared to a median of 3.5% for 'BBB' in 2025 and 3% in 2026), reflecting further increases in public sector wages and pensions, higher defense spending, and lower expected inflows from EU funds. The government plans to increase social security contributions by a cumulative 3 percentage points in 2027-2028; however, the proposed changes will require additional legislation.<sup>11</sup></p>
	<p>On July 10, 2025, the rating agency Moody's Ratings upgraded Bulgaria's long-term and short-term rating to BBB+ with a stable outlook.</p> <p>It is believed that Bulgaria's short-term growth prospects remain stable. The forecast is that the economy will grow by 2.4% in real terms in 2025 and by an average of 2.8% until 2028. Private domestic consumption will be a key driver of growth, supported by high real wage growth due to the tight labor market. An increase in the utilization of allocated EU funds, which is currently very low at 20%, will lead to higher public investment but will also result in an increase in imports. At the same time, external demand faces pressure from the overall economic uncertainty arising from geopolitical tension. It is believed that Bulgaria's full membership in Schengen from January 1, 2025, and its accession to the eurozone from January 1, 2026, could support trade and international tourism in the medium and long term, as administrative barriers will be reduced. In the short term, it is considered that</p>

<sup>10</sup> [News](#)

<sup>11</sup> [Fitch Upgrades Bulgaria to 'BBB+'; Outlook Stable \(fitchratings.com\)](https://www.fitchratings.com/news/fitch-upgrades-bulgaria-to-bbb-outlook-stable)

	<p>shortcomings in Bulgaria's physical infrastructure prevent the country from reaching its full potential. In addition, Bulgaria continues to face long-term challenges related to weak demographic trends. If unchecked, the declining workforce could further slow growth.</p> <p>It is expected weaker external demand and public investment based on imports to increase the current account deficit, which will on average reach 2.5% of GDP by 2028. Nevertheless, Bulgaria's stable services balance, which is around 7.0% of GDP and supported by a thriving tourism sector and growing exports of computer and IT services, will help to mitigate part of the deficit. Although Bulgaria's external position remains strong, it is believed that the post-pandemic trend of reducing external debt could reverse due to a weaker external environment and a potential shift toward increased external debt financing, as capital markets in the euro area become more accessible.</p> <p>It is also noted that intercompany loans represent about one fifth of the total volume of foreign direct investment in Bulgaria. Since it is considered the refinancing risk for these loans to be low, they are not included in the assessment of Bulgaria's external debt data. In the external assessment, Bulgaria is now regarded as using a freely traded currency (in line with other euro area members) and the country's external position is evaluated based on estimates of its international investment position after joining the eurozone area.<sup>12</sup></p>
<p>RISK OF UN-EMPLOYMENT</p>	<p>As a major factor affecting consumer purchasing power, an increase in unemployment would reduce the demand for IoT products. On the other hand, the demand for personnel by the businesses continues to be very active and such risk seems insignificant in the coming year.</p> <p>According to Eurostat estimates, in November 2025 the seasonally adjusted unemployment rate in the euro area was 6.3%, down from 6.4% in October 2025 and up from 6.2% in November 2024. In November 2025, the unemployment rate in the EU was 6.0%, stable compared with October 2025 and up from 5.8% in November 2024.<sup>13</sup></p> <p>In December, the Employment Agency reports stable results in the labor market, with registered unemployment in the country remaining at a low level – 5.19%, a decrease of 0.04 percentage points compared to the same month of the previous year. At the end of the month, the registered unemployed persons number 147,059, with their number remaining below 150,000 for the second consecutive year at the end of December.<sup>14</sup></p>
<p>LEGAL RISK</p>	<p>Although Bulgaria has introduced a number of significant legislative changes since joining the EU and most of the Bulgarian legislation has been harmonized with EU legislation, the legal system in the country is still in the process of reform. Judicial and administrative practices remain problematic and it is difficult to effectively resolve property disputes, breaches of laws and contracts, etc. Deficiencies in the legal infrastructure can result in uncertainty arising from the implementation of corporate actions, supervision and other issues.</p>
<p>TAX RISK</p>	<p>It is essential for the financial performance of the companies to maintain the current tax regime. There is no guarantee that the tax legislation, which is directly relevant to the core business of the Company, will not be changed in a direction that would lead to significant unforeseen expenses and, accordingly, would adversely affect its profit. The taxation system in Bulgaria is still developing, as a result of which a contradictory tax practice may arise.</p>

<sup>12</sup> [Research Update: Bulgaria Upgraded To 'BBB+' On C | S&P Global Ratings \(spglobal.com\)](https://www.spglobal.com/ratings/researchupdates/Bulgaria-Upgrade-to-BBB-plus)

<sup>13</sup> [Unemployment statistics — Explained statistics — Eurostat](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

<sup>14</sup> [The registered unemployed in the country are under 150,000 people in December ... | Employment Agency](https://www.employmentagency.bg/en/press-releases/the-registered-unemployed-in-the-country-are-under-150000-people-in-december-2025)

## 7.2. UNSYSTEMIC RISKS

### **Risks related to the industry in which the Company operates**

Such risks are the Risk of Key Personnel Shortage, Competitive Risk, Personal Data Security and Cyber Attacks Risk, Risk of Changing Technologies.

#### **Risk of key personnel shortage**

One of the biggest challenges facing technology companies such as the Group companies, as well as considering the specific scope of their activity in the field of telecommunications and engineering and software development, is the shortage of qualified personnel. The insufficient availability of suitable personnel in the subsidiaries could adversely affect the future development of the Group, due to delays in the development of new products/services or the maintenance of existing ones. On the other hand, the high competition for attracting personnel in this sector raises the price of labor. As a result, the financial position and market share of the Group's companies would suffer.

#### **Competition Risk**

The Group's companies operate primarily on the Internet of Things (IoT) segment. This segment is one of the most modern and promising sectors of the industry, which attracts the interest of many technological giants and start-ups. The loss or inability to capture market share and declines in final product prices due to increased competition could have a negative effect on revenues, earnings and profit margins. Maintaining a competitive position requires investment in creating new useful devices, improving existing solutions and expanding market share, and it cannot be taken for granted that new developments will prevail among competitors on the market.

In view of the increasing sales revenue in the US, but the still low share of the US business in the Group's sales revenue, the Company expects the tariffs between the US and the EU to have only an insignificant effect on sales and revenue.

#### **Personal Data Security and Cyber Attacks Risk**

The technology industry is characterized by the digital transfer of information that could be strictly confidential, containing personal data of product users, financial information of companies, information about new products, etc. The protection of such information is a critically important factor for the normal functioning of companies in the industry, including the Group. The sales of the devices and the use by customers of the accompanying mobile applications and cloud services provided by the Group are related to the exchange and storage of personal data. A potential breach in information security may lead to: i) Loss of customers and/or partners and their migration to competitive companies; ii) Imposing sanctions and lawsuits with regard to violations of applicable data protection and privacy laws; iii) Lost or delayed orders and sales; iv) Adverse effect on reputation, business, financial position, profit and cash flows.

#### **Regulatory and specific technical requirements risk**

The offering of IoT devices is subject to a regulation for the certification of the products for sale in the respective country. In the European Union, products must be marked 'CE', thus indicating that the product has been evaluated and meets safety, health and environmental requirements. The US equivalent is 'UL' Certification. For the purposes of certification, accredited laboratories are assigned the compliance tests, which is associated with significant costs. In addition, specifics in the requirements of local regulators and counterparties (especially mobile operators) may require the performance of additional tests and certification, which increases the cost of entering a certain market or a certain distribution channel.

The sales of the products of the Group's companies cover more and more markets, which often have local regulation regarding the certification of similar products in the respective country. Compliance with local regulatory requirements is time and resource intensive and may delay the Company's entry into new markets or impose additional costs to meet different standards.

The change in regulatory requirements for devices may involve additional costs to bring them into compliance with the new requirements, including costs of recalling products from the market to bring them into compliance with those requirements. The companies of the Group and their local partners monitor for planned legislative changes on a regular basis in order to take measures to ensure product compliance.

### **Risk of change in technology**

Shelly Group SE and its subsidiaries operate in a highly dynamic segment where technology has a significant impact and is a source of competitive advantage. As a result, there is a risk of delayed adaptation to new technologies, due to lack of knowledge, experience or sufficient funding, which may have a negative effect on the Company. Slow adaptation to new realities may lead to loss of competitive positions and market shares, which in turn will lead to deterioration of the Company's results.

### **Risks related to the Company's activities**

Such risks are: operational risk, risk related to business partners, risks arising from new projects and liquidity risk.

#### **Operational risk**

Operational risk can be defined as the risk of losses caused by flawed or failed internal processes related to management. Such risks may arise as a result of:

- Wrong operational decisions related to current project made by the management;
- Shortage of qualified personnel necessary for the development and implementation of new projects;
- Resigning key personnel impossible to replace;
- Risk of an excessive increase in management and administrative costs, leading to a decrease in the overall profitability of the Company;
- Technical failures leading to long interruptions in providing services may lead to the termination of contracts with customers.

The effects of such circumstances may reduce the Company's revenues and deteriorate the results of its activity.

#### **Risk related to business partners**

Manufacturing activity in the IoT segment has been outsourced, primarily to China, and is concentrated in a few manufacturers. Potential risks associated with key subcontractors are related to accurate and timely delivery or termination of business relationships. Although, management believes there is a wide range of alternative suppliers, the possible transfer of production to new partners and diversification of subcontractors may give rise to delays in deliveries and additional costs, which may affect the ability of the companies in the Group to fulfil agreed orders from customers and adversely affect the reputation and financial results of the Group.

**Risks arising from new projects**

The main activity of Shelly Group SE is investments in subsidiaries. There is a risk that some of the subsidiaries may not be able to meet their objectives, resulting in a lower or negative return on investment.

The development of new products and services by Shelly Group SE's subsidiaries is related to the investment in human resources, software, hardware, materials, goods and services. In case the new products and services fail to be realised on the market, such investments would be unjustified. This, in turn, would have a negative impact on the Company's expenses and assets, as well as on the results of its operations. In order to manage the risk arising from new projects, the companies of the Group make market and financial analyses with different scenarios, and in some cases discuss the concept of the new service / product with potential customers.

**Liquidity risk**

With regard to the Group companies the manifestation of liquidity risk is associated with the possibility of a lack of timely and/or sufficient available funds to meet all current obligations. This risk can occur both in case of a significant delay in payments by the Company's debtors, and in case of insufficiently effective management of cash flows from the Company's activities.

Some of the companies in the Group use bank funding such as investment loans, overdrafts or revolving credit lines, which can be used in case of liquidity problems.

The Company implements a conservative liquidity management policy, through which it constantly maintains an optimal liquid cash reserve and a good ability to finance its business activity. In order to control the risk, the Company is trying to pay its liabilities within the agreed deadlines. The Company monitors and controls the actual and estimated cash flows for future periods and maintains a balance between the maturity limits of the Company's assets and liabilities.

**8. SIGNIFICANT EVENTS AFTER THE DATE OF PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS**

The events after the reporting date are disclosed in Note 11 to the separate financial statements for 2025.

**9. CURRENT TRENDS AND POSSIBLE FUTURE DEVELOPMENT OF THE COMPANY**

SHELLY GROUP SE does not carry out direct production activities. The production activity is carried out by the subsidiaries.

In 2026, SHELLY GROUP SE will continue to operate in the following main areas:

1. Decision-making on important issues affecting subsidiaries as sole proprietor or majority owner through:
  - applying the principles of good corporate governance;
  - providing efficient and transparent work conditions;
  - improving the quality of services/products offered;
  - operational reorganization and optimization.
2. Transactions with assets of the Company and its subsidiaries
3. Management structure establishment

4. Funding the investments and the working capital of subsidiaries
5. Establish a unified financial reporting and accounting policy.

## 10. RESEARCH AND DEVELOPMENT ACTIVITIES

The Company has not carried out any research and development activities and is not planning such activities in the foreseeable future. The subsidiaries Shelly Europe EOOD, Shelly Asia and Shelly Tech d.o.o., Slovenia carried out such activity in 2025.

## 11. INFORMATION ON ACQUISITION OF OWN SHARES REQUIRED UNDER ART. 187E OF THE COMMERCE ACT

### 11.1. Number and nominal value of own shares acquired and transferred during the year, their capital share, as well as acquisition or the transfer price

As of December 31, 2025, the Company does not own any own shares.

### 11.2. Number and nominal value of own shares and their capital share

As of the end of the reporting period, the Company does not own any own shares, as specified in item 11.1. above.

## 12. INFORMATION REQUIRED UNDER ART. 247 OF THE COMMERCE ACT

### 12.1. Total remuneration received by the members of the Board of Directors during the year

The following remunerations were appointed to the members of the Board of Directors of SHELLY GROUP SE in 2025.

**Table 10**

Full name	Position	Gross/BGN'000
Christoph Vilanek	Chairman of the Board of Directors	243
Dimitar Stoyanov Dimitrov	Executive Director	596
Wolfgang Kirsch	Executive Director	596
Svetlin Iliev Todorov	Executive Director	69
Nikolay Angelov Martinov	Independent member	69

As of the end of the reporting period, the appointed permanent remuneration to the members of the Board of Directors has been paid.

Based on the annual consolidated financial statements for 2025 approved by the General Meeting of Shareholders, the executive directors may receive an Annual Bonus for their performance results in 2025 in accordance with the Conditions for the Payment of Variable Remuneration of June 2, 2025 and the rules provided therein.

Also, considering the conditions and applying the rules set out in the Scheme for granting executive members of the Board of Directors a shared-based compensation, the General Meeting of Shareholders evaluates each Director who has been granted a package of options under this Scheme, for which of the granted options the conditions have been met in accordance with the results achieved by the Company and by the respective Director during the period 2022-2025.

Additional information on the remuneration of the Board of Directors is presented in the Report on the Implementation of the Remuneration Policy, which forms an integral part of this Report.

There are no provisions in the Company's Articles of Association regarding special rights or any privileges of the members of the Board of Directors.

During the reporting year, some of the members of the Board of Directors received remuneration from the subsidiaries for performing other functions, subject of the Report on the implementation of the remuneration policy.

**12.2. Company's shares and bonds acquired, owned and transferred by the members of the Board of Directors during the year:**

As of the end of the reporting period, the shares owned by members of the Board of Directors of SHELLY GROUP SE are:

**Table 11**

<b>Members of the Board of Directors</b>	
<b>NAME OF THE BD MEMBER</b>	<b>% OF CAPITAL</b>
Svetlin Todorov	27.79%
Dimitar Dimitrov	28.84%
Nikolay Martinov*	0 %
Wolfgang Kirsch**	0 %
Christoph Vilanek	0 %

*\*Nikolay Martinov has no direct interest in the capital of the Issuer. The companies Unicom Consult EOOD, where he is sole owner of the capital and Managing Director, Impetus Capital OOD and Impetus Partners OOD, where he is a Manager and a partner holding 50% and 43.75% of the capital, respectively, as well as ImVenture I KDA and ImVenture II KDA, where he is a representative of the legal entity Impetus Capital OOD, own respectively: Unicom Consult EOOD – 78,750 shares (0.43%), Impetus Capital OOD - 162,000 shares (0.89%), Impetus Partners OOD - 405,000 shares (2.24%), ImVenture I KDA - 123,288 shares (0.68%), ImVenture II KDA - 68,493 shares (0.38%) in the Issuer's capital and a total of 837,531 shares (4.626%) of voting rights in its General Meeting.*

*\*\* Wolfgang Kirsch holds approximately 0.03% of the voting rights in the General Meeting of the Issuer*

**12.3. Rights of the members of the Board of Directors to acquire shares and bonds of the Company**

The members of the Company's Board of Directors may freely acquire shares from the capital of the Company on a regulated securities market in compliance with the provisions of the Law on Measures against Market Abuse with Financial Instruments, Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (Market Abuse Regulation) and the Public Offering of Securities Act.

In accordance with the provision of Art. 19 of the Market Abuse Regulation, the members of the Company's Board of Directors, other individuals with managerial functions in the Issuer, and individuals closely related to them, shall notify the Company and the Financial Supervision Commission (FSC) in writing of any transaction carried by them with Shelly Group SE's shares within 3 working days after the transaction. The notification obligation does not apply when the total amount of transactions made by an individual with managerial functions in the Issuer, or a closely individual does not exceed EUR 20,000 within a calendar year.

**12.4. Participation of the members of the Board of Directors in companies as unlimited partners, holding more than 25 percent of the capital, as well as their participation in the management of other companies or cooperatives as procurators, managers or board members as of the end of the reporting period**

**Table 12**

<b>Dimitar Dimitrov as of 31.12.2025</b>		
<b>Participation in the governing and supervisory bodies of other companies, their participation as procurators and unlimited partners</b>	<b>Participation in the capital of other companies outside the Group of Shelly Group SE</b>	<b>Companies in which the person exercises control</b>
DVR Review EOOD entered in the Commercial Register at the Registry Agency under Unified Identification Code (UIC): 130554234, having its registered seat and headquarters address in the town of Samokov, 1, Zhitna Charshiya Street, Floor 1	DVR Review EOOD entered in the Commercial Register at the Registry Agency under Unified Identification Code (UIC): 130554234, having its registered seat and headquarters address in the town of Samokov, 1, Zhitna Charshiya Street, Floor 1 - direct	DVR Review EOOD entered in the Commercial Register at the Registry Agency under Unified Identification Code (UIC): 130554234, having its registered seat and headquarters address in the town of Samokov, 1, Zhitna Charshiya Street, Floor 1 - direct
Shelly USA Inc. (former name Allterco Robotics US), USA, having its registered seat and headquarters address in 5851 W. Charleston Blvd, Las Vegas, NV 89146, USA - indirect	Teracomm OOD, UIC 131267949 having its registered seat and headquarters address in city of Sofia, Mladost district, 113A, Tsarigradsko Shose Blvd - direct	Shelly Europe EOOD, UIC 202320104, having its registered seat and headquarters address in the city of Sofia, 103, Cherni Vrah Blvd. - indirect through SHELLY GROUP SE
DSD ASSETS MANAGEMENT EOOD – registered in the Commercial Register at the Registry Agency with UIC: 208381174, having its registered seat and headquarters address in the city of Sofia, Vitosha district, Dragalevtsi, 8A Tsvetarska Str. – General Manager;	Web Engine OOD, UIC 200303120, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha district, 5A, Nikola Petkov Blvd. - direct	Shelly Trading EOOD, UIC 203348672 having its registered seat and headquarters address in the city of Sofia, 103, Cherni Vrah Blvd. - indirect through SHELLY GROUP SE
Ground Solutions Group AD – registered in the Commercial Register at the Registry Agency with UIC: 206606897, having its registered seat and headquarters address in the city of Sofia, 1 Osogovski prohod Str. – Member of the Board of Directors;	DSD ASSETS MANAGEMENT EOOD – registered in the Commercial Register at the Registry Agency with UIC: 208381174, having its registered seat and headquarters address in the city of Sofia, Vitosha district, Dragalevtsi, 8A Tsvetarska Str. – direct;	Shelly DACH GmbH, registered number HRB 271205, having its registered seat and headquarters address at: Lothstr. 5, 80335 München, Federal Republic of Germany - indirect through SHELLY GROUP SE
		Shelly Tech avtomatizacija stavb, d.o.o. (former name Goap d.o.o. Nova Gorica) having its registered seat and headquarters address at Ulica Klementa Juga 7, 5250 Solkan, Slovenia, registered number in Slovenian Trade register 5414083000 - indirect through SHELLY GROUP SE

		Shelly USA Inc. (former name Allterco Robotics US), USA, having its registered seat and headquarters address at 5851 W.Charleston Blvd. Las Vegas, NV 89146, USA - indirect through SHELLY GROUP SE
		Shelly Asia Ltd. registered number 91440300MA5GMK2T5B, having its registered seat and headquarters address at number 716, Building A, XingHe Shiji, Cai Tian road 3069, Gangxia, Futian, Shenzhen, China - indirect through SHELLY GROUP SE
		Shelly Poland sp. z o.o. limited liability company having its registered seat and headquarters address with its registered office in Szeligi, Poland, ul. BUKOWA, nr 2, 05-850, with registration number 0001169440, established under the laws of the Republic of Poland – indirect through SHELLY GROUP SE
		DSD ASSETS MANAGEMENT EOOD – registered in the Commercial Register at the Registry Agency with UIC: 208381174, having its registered seat and headquarters address in the city of Sofia, Vitosha district, Dragalevtsi, 8A Tsvetarska Str. – direct;

<b>Svetlin Todorov as of 31.12.2025</b>		
<b>Participation in the governing and supervisory bodies of other companies, their participation as procurators and unlimited partners</b>	<b>Participation in the capital of other companies outside the Group of Shelly Group SE</b>	<b>Companies in which the person exercises control</b>
Teracomm OOD, UIC 131267949 having its registered seat and headquarters address in city of Sofia, 113A, Tsarigradsko Shose Blvd.	FF Film Haus OOD, UIC 130627604, having its registered seat and headquarters address in the city of Sofia, 60, Osogovo Street - direct	Shelly Europe EOOD, UIC 202320104, having its registered seat and headquarters address in the city of Sofia, 103, Cherni Vrah Blvd. - indirect through SHELLY GROUP SE
FF Film Haus OOD, UIC 130627604, having its registered seat and headquarters address in the city of Sofia, 60, Osogovo Street	Teracomm OOD, UIC 131267949 having its registered seat and headquarters address in city of Sofia, 113A, Tsarigradsko Shose Blvd. - 20% - direct	Shelly Trading EOOD, UIC 203348672 having its registered seat and headquarters address in the city of Sofia, 103, Cherni Vrah Blvd. - indirect through SHELLY GROUP SE

<p>Shelly USA Inc. (former name Allterco Robotics US), USA, having its registered seat and headquarters address in 5851 W. Charleston Blvd, Las Vegas, NV 89146, USA - indirect</p>	<p>Web Engine OOD, UIC 200303120, having its registered seat and headquarters address in the city of Sofia, 5A, Nikola Petkov Blvd. - 20% - direct</p>	<p>Shelly USA Inc. (former name Allterco Robotics US), USA, having its registered seat and headquarters address in 5851 W. Charleston Blvd, Las Vegas, NV 89146, USA - indirect</p>
		<p>Teracomm OOD, UIC 131267949 having its registered seat and headquarters address in city of Sofia, Mladost district, 113A, Tsarigradsko Shose Blvd</p>
		<p>FF Film Haus OOD, UIC 130627604, having its registered seat and headquarters address in the city of Sofia, 60, Osogovo Street - direct</p>
		<p>Shelly DACH GmbH, registered number HRB 271205, having its registered seat and headquarters address: Lothstr. 5, 80335 München, Federal Republic of Germany - indirect through SHELLY GROUP SE</p>
		<p>Shelly Tech avtomatizacija stavb, d.o.o. (former name Goap d.o.o. Nova Gorica) having its registered seat and headquarters address at Ulica Klementa Juga 7, 5250 Solkan, Slovenia, registered number in Slovenian Trade register 5414083000 - indirect through SHELLY GROUP SE</p>
		<p>Shelly Asia Ltd. registered number 91440300MA5GMK2T5B, having its registered seat and headquarters address at number 716, Building A, XingHe Shiji, Cai Tian road 3069, Gangxia, Futian, Shenzhen, China - indirect through SHELLY GROUP SE</p>
		<p>Shelly Poland sp. z o.o. limited liability company having its registered seat and headquarters address with its registered office in Szeligi, Poland, ul. BUKOWA, nr 2, 05-850, with registration number 0001169440, established under the laws of the Republic of Poland – indirect through SHELLY GROUP SE</p>

<b>Nikolay Martinov as of 31.12.2025</b>		
<b>Participation in the governing and supervisory bodies of other companies, their participation as procurators and unlimited partners</b>	<b>Participation in the capital of other companies outside the Group of Shelly Group SE</b>	<b>Companies in which the person exercises control</b>
Unicom Consult EOOD, UIC 121082655, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha municipal district, 271, Tsar Boris III Blvd., Floor 5, Apt. 9	Unicom Consult EOOD, UIC 121082655, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha municipal district, 271, Tsar Boris III Blvd., Floor 5, Apt. 9 - direct	Shelly Europe EOOD, UIC 202320104, having its registered seat and headquarters address in the city of Sofia, 103, Cherni Vrah Blvd. - indirect through Shelly Group SE
Online Media OOD, UIC:117004285, having its registered seat and headquarters address in the city of Sofia 1415, 11, Nevena Kokanova Street, fl. 5	Online Media OOD, UIC:117004285, having its registered seat and headquarters address in the city of Sofia 1415, 11, Nevena Kokanova Street, floor 5 - direct and indirect through Unicom Consult EOOD, UIC 121082655	Shelly Trading EOOD, UIC 203348672 having its registered seat and headquarters address in the city of Sofia, 103, Cherni Vrah Blvd. - indirect through Shelly Group SE
Inbro OOD, UIC 121003506, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha District, 271, Tsar Boris III Blvd., fl. 5	United Commercial Outlets AD, UIC: 205329927, having its registered seat and headquarters address in the city of Sofia 1618, Ovcha Kupel municipal district, Ovcha Kupel 1 residential district, Block 48, Entrance B, Apt. 47 - indirect through ImVenture I KDA, UIC: 204870431 and ImVenture II KDA, UIC 205737996	Shelly USA Inc. (former name Allterco Robotics US), USA, having its registered seat and headquarters address at 5851 W. Charleston Blvd. Las Vegas, NV 89146, USA - indirect
BIOSEEK AD, UIC 204790412, having its seat address and management address in the city of Sofia 1505, Oborishte municipal district, 42, Ilarion Dragostinov Street, Apt. 37	Inbro OOD, UIC 121003506, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha municipal district, 271, Tsar Boris III Blvd., fl. 5 - direct and indirect through Unicom Consult EOOD, UIC 121082655	Shelly Asia Ltd. registered number 91440300MA5GMK2T5B, having its registered seat and headquarters address at number 716, Building A, XingHe Shiji, Cai Tian road 3069, Gangxia, Futian, Shenzhen, China - indirect through SHELLY GROUP SE
Biodit AD, UIC 203854303, having its seat address and management address in the city of Sofia 1756, Studentski municipal district, 125, Kliment Ohridski Blvd. - as representative through Impetus Capital OOD, UIC: 203592737	Impetus Capital OOD, UIC 203592737, having its seat address and management address in the city of Sofia 1784, Mladost district, Mladost 1 residential district, bl. 29A, entrance A, floor 8 - direct	Shelly DACH GmbH, registered number HRB 271205, having its registered seat and headquarters address: Lothstr. 5, 80335 München, Federal Republic of Germany - indirect through SHELLY GROUP SE
IMVENTURE I KDA, UIC 204870431, having its seat address and management address in city of Sofia 1784, Mladost municipal district, Mladost 1 residential district,	Impetus Partners OOD, UIC 205679429, having its registered seat and headquarters address in the city of Sofia 1784, Mladost municipal district, Mladost 1 residential district,	Shelly Tech avtomatizacija stavb, d.o.o. (former name Goap d.o.o. Nova Gorica) having its registered seat and headquarters address at Ulica Klementa Juga 7, 5250 Solkan, Slovenia,

<p>Block 29A, Entrance A, Floor 8, Apt. 38 - as a representative representing legal entity - Impetus Capital OOD, UIC 203592737</p>	<p>Block of flats 29A, Entrance A, Floor 8 – indirect through Unicom Consult EOOD, UIC 121082655 - direct</p>	<p>registered number in Slovenian Trade register 5414083000 - indirect through SHELLY GROUP SE</p>
<p>IMVENTURE II KDA, UIC 205737996 Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block 29A, Entrance A, Floor 8, Apt. 38 - as a representative representing legal entity - Impetus Capital OOD, UIC: 203592737</p>	<p>Housmeister AD, UIC 203037803, having its registered seat and headquarters address in Sofia region, Stolichna Municipality, Sofia 1404, Bulgaria Blvd, No 53, floor 3 - direct</p>	<p>Unicom Consult EOOD, UIC 121082655, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha municipal district, 271, Tsar Boris III Blvd., Floor 5, Apt. 9 - direct</p>
<p>Impuls Rastezh AD ( previous name Impuls I AD), UIC 206421264, Sofia 1784, district Mladost, Mladost 1, block 29A, entrance A, floor 8, apt. 38 - as representative of IMPETUS CAPITAL OOD, UIC: 203592737</p>	<p>Bioseek AD, UIC 204790412, having its seat address and management address in the city of Sofia 1505 Oborishte municipal district, 42, Ilarion Dragostinov Street, Apt. 37 - indirect through <i>ImVenture I KDA, UIC: 204870431 and ImVenture II KDA, UIC 205737996 and Impetus Capital OOD, UIC 203592737</i></p>	<p>Online Media OOD, UIC:117004285, having its registered seat and headquarters address in the city of Sofia 1415, 11, Nevena Kokanova Street, floor 5 - direct</p>
<p>United Commercial Outlets AD, UIC 205329927, having its registered seat and headquarters address in the city of Sofia 1618, Ovcha Kupel municipal district, Ovcha Kupel 1 residential district, Block 48, Entrance B, Apt. 47</p>		<p>Inbro OOD, UIC 121003506, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha municipal district, 271, Tsar Boris III Blvd., fl. 5 - direct</p>
<p>Impetus Capital OOD, UIC 203592737, having its seat address and management address in Sofia 1784, Mladost district, Mladost 1 residential district, bl. 29A, entrance A, floor 8</p>		<p>Impetus Capital OOD, UIC 203592737, having its seat address and management address at city of Sofia 1784, Mladost district, Mladost 1 residential district, bl. 29A, entrance A, floor 8, apt 38 - direct</p>
<p>Impetus Partners OOD, UIC 205679429, having its registered seat and headquarters address in the city of Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block 29A, entrance A, floor 8</p>		<p>Impetus Partners OOD, UIC 205679429, having its registered seat and headquarters address in the city of Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block 29A, entrance A, floor 8 - indirect through Unicom Consult EOOD, UIC 121082655</p>

<p>Storied Data Inc., having its registered seat and headquarters address at: State of Delaware, 251 Little Falls Drive, city of Wilmington, Delaware 19808, Country of New Castle, USA</p>		<p>Biodit AD, UIC 203854303, having its seat address and management address in the city of Sofia 1756, Studentski municipal district, 125, Kliment Ohridski Blvd - indirect through Impetus Capital OOD, UIC 203592737</p>
<p>NOESIS EAD, UIC 207339610, having its registered seat and headquarters address in Plovdiv 4000, Central district, 2, Lyuben Karavelov Str. - as representative of IMPETUS CAPITAL OOD, UIC 203592737</p>		<p>Bioseek AD, UIC 204790412, having its seat address and management address in the city of Sofia 1505 Oborishte municipal district, 42, Ilarion Dragostinov Street, Apt. 37 - indirect through ImVenture I KDA, UIC 204870431</p>
<p>Boleron AD, UIC 205595422, having its registered seat and headquarters address in Sofia 1000, Oborishte district, 24, Georgi Benkovski Blvd. - as representative of IMPETUS CAPITAL OOD, UIC 203592737</p>		<p>ImVenture I KDA, UIC 204870431, Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block 29A, Entrance A, Floor 8, Apt. 38 - indirect through Impetus Capital OOD, UIC 203592737</p>
<p>Green Innovation AD, UIC 207142118, having its registered seat and headquarters in Sofia 1784, Mladost district, Business centre Eurotour- ground floor, 12 Michail Tanev St.</p>		<p>ImVenture II KDA, UIC 205737996 Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block 29A, Entrance A, Floor 8, Apt. 38 - indirect through Impetus Capital OOD, UIC 203592737</p>
<p>Imventure III KDA, UIC 207770112 having its registered seat and headquarters in Sofia 1784, Mladost district, block 29A, entrance A, floor 8, apartment 38 – as a representative of Impetus Capital Ltd, UIC 203592737</p>		<p>Imventure III KDA, UIC 207770112 having its registered seat and headquarters in Sofia 1784, Mladost district, block 29A, entrance A, floor 8, apartment 38 – as a representative of Impetus Capital Ltd, UIC 203592737</p>
		<p>Impuls Rastexh AD ( previous name ImPuls I AD), UIC 206421264, Sofia 1784, district Mladost, Mladost 1, block 29A, entrance A, floor 8, ap. 38 - indirect through Impetus Capital OOD, UIC 203592737</p>
		<p>United Commercial Outlets AD, UIC 205329927, having its registered seat and headquarters address in the city of Sofia 1618, Ovcha Kupel municipal district, Ovcha Kupel 1 residential district, Block 48, Entrance B, Apt. 47 - indirect through ImVenture I KDA, UIC 20487043 and ImVenture II KDA, UIC 205737996</p>

		A4E OOD, UIC 203608928, having its registered seat and headquarters address in the city of Sofia 1618, Ovcha Kupel district, 56, Buket Street, floor 15, apt. 59 - indirect through Impetus Capital OOD, UIC 203592737, ImVenture I KDA, UIC 204870431 and ImVenture II KDA, UIC 205737996
		Shelly Poland sp. z o.o. limited liability company having its registered seat and headquarters address with its registered office in Szeligi, Poland, ul. BUKOWA, nr 2, 05-850, with registration number 0001169440, established under the laws of the Republic of Poland – indirect through SHELLY GROUP SE

<b>Wolfgang Kirsch as of 31.12.2025</b>		
<b>Participation in the governing and supervisory bodies of other companies, their participation as procurators and unlimited partners</b>	<b>Participation in the capital of other companies outside the Group of Shelly Group SE</b>	<b>Companies in which the person exercises control</b>
Kirsch Consulting EOOD, UIC 207060742, having its registered seat and headquarters address in Sofia, 103, Cherni Vrah Blvd.	Kirsch Consulting EOOD, UIC 207060742, having its registered seat and headquarters address in Sofia, 103, Cherni Vrah Blvd.	Shelly Europe EOOD, UIC 202320104, having its registered seat and headquarters address in the city of Sofia, 103 Cherni Vrah Blvd. - indirect through Shelly Group SE
		Shelly Trading EOOD, UIC 203348672 having its registered seat and headquarters address in the city of Sofia, 103, Cherni Vrah Blvd. - indirect through Shelly Group SE
		Shelly Asia Ltd. , registered number 91440300MA5GMK2T5B, having its registered seat and headquarters address at number 716, Building A, XingHe Shiji, Cai Tian road 3069, Gangxia, Futian, Shenzhen, China - indirect through Shelly Group SE
		Shelly DACH GmbH, registered number HRB 271205, having its registered seat and headquarters address: 5, Loth str., 80335 München, Federal Republic of Germany - indirect through Shelly Group SE

		Kirsch Consulting EOOD, UIC 207060742, having its registered seat and headquarters address in Sofia, 103, Cherni Vrah Blvd. - direct
		Shelly Tech avtomatizacija stavb, d.o.o. (former name Goap d.o.o. Nova Gorica) having its registered seat and headquarters address at Ulica Klementa Juga 7, 5250 Solkan, Slovenia, registered number in Slovenian Trade register 5414083000 - indirect through Shelly Group SE
		Shelly USA Inc. (previous name Allterco Robotics US), USA, having a registered seat and headquarters address at 5851 W.Charleston Blvd. Las Vegas, NV 89146, USA – indirect through Shelly Group SE
		Shelly Poland sp. z o.o. limited liability company having its registered seat and headquarters address with its registered office in Szeligi, Poland, ul. BUKOWA, nr 2, 05-850, with registration number 0001169440, established under the laws of the Republic of Poland – indirect through SHELLY GROUP SE

<b>Christoph Vilanek as of 31.12.2025</b>		
<b>Participation in the governing and supervisory bodies of other companies, their participation as procurators and unlimited partners</b>	<b>Participation in the capital of other companies outside the Group of Shelly Group SE</b>	<b>Companies in which the person exercises control</b>
Freenet AG, registered number HRB 7306 at Amtsgericht Kiel, having its registered seat and headquarters address at Hollerstr. 126, 24782 Büdelsdorf, Germany – Executive director and Chairman of the board;	Vilanek Invest GmbH, registered number HRB 168 756 at Handelsregister Hamburg B, having its registered seat and headquarters address at Sierichstr. 76, 22301 Hamburg, Germany	Shelly Europe EOOD, UIC 202320104, having its registered seat and headquarters address in the city of Sofia, 103, Cherni Vrah Blvd. - indirect through Shelly Group SE
The Cloud Networks Germany GmbH, registered number HRB 157224 by Amtsgericht München, having its registered seat and headquarters address at Leuchtenbergring 3, 81677 München, Germany – Managing Director;		Shelly Trading EOOD, UIC 203348672 having its registered seat and headquarters address in the city of Sofia, 103, Cherni Vrah Blvd. - indirect through Shelly Group SE

<p>Gravis Computervertriebsgesellschaft GmbH, registered number HRB39948 by Amtsgericht Berlin Charlottenburg, having its registered seat and headquarters address at Ernst-Reuter-Platz 8, 10587 Berlin, Germany – Managing Director;</p>		<p>Shelly Asia Ltd. , registered number 91440300MA5GMK2T5B, having its registered seat and headquarters address at number 716, Building A, XingHe Shiji, Cai Tian road 3069, Gangxia, Futian, Shenzhen, China - indirect through Shelly Group SE</p>
<p>VNR Verlag für die Deutsche Wirtschaft AG, registered number HRB 8165 by Amtsgericht Bonn Handelsregister, having its registered seat and headquarters address at Theodor-Heuss-Straße 2-4, 53177 Bonn, Germany – member of the executive council;</p>		<p>Shelly DACH GmbH, registered number HRB 271205, having its registered seat and headquarters address: Lothstr. 5, 80335 München, Federal Republic of Germany - indirect through Shelly Group SE</p>
<p>Exaring AG, registered number HRB 205601 Amtsgericht München, having its registered seat and headquarters address at Leopoldstr. 236, 80807 München, Germany – Chairman of the executive council;</p>		<p>Shelly Tech avtomatizacija stavb, d.o.o. (former name Goap d.o.o. Nova Gorica) having its registered seat and headquarters address at Ulica Klementa Juga 7, 5250 Solkan, Slovenia, registered number in Slovenian Trade register 5414083000 - indirect through Shelly Group SE</p>
<p>Ströer SE &amp; Co. KGaA, registered number HRB 86922 by Amtsgericht Köln, having its registered seat and headquarters address at Ströer Allee 1, 50999 Köln, Germany - Chairman of the executive council;</p>		<p>Shelly USA Inc. (previous name Allterco Robotics US), USA, having a registered seat and headquarters address at 5851 W.Charleston Blvd. Las Vegas, NV 89146, USA – indirect through Shelly Group SE</p>
<p>Ströer Management SE, registered number HRB 74421 by Amtsgericht Düsseldorf having its registered seat and headquarters address at Ströer-Allee 1, 50999 Köln - Chairman of the executive council;</p>		<p>Shelly Poland sp. z o.o. limited liability company having its registered seat and headquarters address with its registered office in Szeligi, Poland, ul. BUKOWA, nr 2, 05-850, with registration number 0001169440, established under the laws of the Republic of Poland – indirect through SHELLY GROUP SE</p>
<p>Ceconomy SE, registered number HRB 39473 by Amtsgericht Düsseldorf, having its registered seat and headquarters address at Kaistr. 3, 40221 Düsseldorf, Germany - member of the executive council;</p>		
<p>Ince GmbH, registered number HRB 92529 by Amtsgericht Köln, having its registered seat and headquarters address at Sternengasse 14-16, 50676 Cologne, Germany - member of the executive council</p>		

**12.5. Agreements signed in the reporting period with the members of the Board of Directors or related to them parties that fall outside of the usual scope of business activity of the Company or deviate significantly from the market conditions**

In 2025, no contracts were concluded with the members of the Board of Directors of the Company or with persons related to them, that go beyond the ordinary activities of the Company or significantly deviate from market conditions.

**12.6. The planned economic policy in the next year, incl. expected investments and staff development, expected income from investments and development of the Company, as well as forthcoming transactions of material importance for the Company's activity**

Changes in the economic policy of the Company in 2026 are not foreseen. The revenues of the Company will continue to be generated mainly from dividends and management services to subsidiaries.

It is expected that in 2026 the number of employees in the subsidiaries will increase significantly due to:

1. the expanding of the market presence and the activities of the Group
2. increase of the R&D capacity of the subsidiaries

**13. AVAILABLE BRANCHES OF THE COMPANY**

The Company has no registered branches.

The subsidiary Shelly Trading EOOD has a branch in the United Kingdom of Great Britain and a representative office in the Netherlands.

**14. FINANCIAL INSTRUMENTS USED BY THE COMPANY**

SHELLY GROUP SE has not used financial instruments in 2025 to hedge risks from changes in foreign currency exchange rates, interest rates or uncertainty of cash flows. During the reporting year, the Company has not performed currency risk hedging transactions.

During the reporting period the Company did not perform any transactions with financial instruments.

**15. ADDITIONAL INFORMATION UNDER APPENDIX No 2 OF ORDINANCE No 2 OF FSC**

**15.1. Information about the value and quantity on the main categories of goods, products and/or services provided, indicating their share in the issuer's sales revenue as a whole and the changes occurring during the accounting financial year**

SHELLY GROUP SE does not carry out direct production activities. The production activity is carried out by the issuer's subsidiaries.

**15.2. Information on revenues broken down by category of activity, internal and external markets as well as information on the sources of supply of materials necessary for the production of goods or the provision of services reflecting the degree of dependence on each individual seller or buyer/user, in case the relative share of any of them exceeds 10 per cent of the costs or revenues from sales, information is provided for each person separately, about their share in the sales or purchases and their relations with the issuer:**

Information on revenue, broken down by main category of activities is presented in p. 3.1. of this Report.

### 15.3. Information about concluded significant deals

During the reporting period Shelly Group SE has concluded transactions, which might be considered significant due to their specifics such as:

In the third quarter of 2025, the Board of Directors SHELLY GROUP SE has approved and the subsidiary Shelly Europe EOOD has concluded with UNITED BULGARIAN BANK AD, UIC 000694959, an a Loan Agreement in the form of a credit limit of up to BGN 25,000,000.00 with a repayment deadline of July 30, 2028 and annual interest rate on regular principal - short-term interest rate of UBB plus 2.25% mark-up per annum, but no less than 2.25% per annum. The credit line is secured by a special pledge of receivables of the subsidiary and a financial collateral agreement and a special pledge of goods in stock.

In 2024, the Board of Directors SHELLY GROUP SE has approved and the subsidiary Shelly Europe EOOD has concluded with UNITED BULGARIAN BANK AD, UIC 000694959, an overdraft agreement with a credit limit of up to BGN 10,000,000.00 with a repayment deadline of 29.10.2027 and annual interest rate on regular principal - short-term interest rate of UBB plus 2.5% mark-up per annum, but no less than 2.5% per annum. The overdraft is secured by a special pledge of receivables from a client of the subsidiary and a financial collateral agreement. During the reporting period, the Board of Directors of SHELLY GROUP SE has approved and the subsidiary Shelly Europe EOOD has signed an annex to increase the overdraft limit to BGN 20,000,000. The additional overdraft limit is additionally secured by a pledge of goods in stock. The annual interest rate and term remain unchanged.

### 15.4. Information on transactions concluded between the issuer and related parties during the reporting period, proposals for such transactions as well as transactions that are outside its ordinary activity or materially deviate from the market conditions, where the issuer or its subsidiary is a party with indication of the value of the transactions, the nature of the relationship and any information necessary to assess the impact on the issuer's financial position

During the reporting period the Company has not entered into any transactions with interested parties within the meaning of POSA.

The Company has not entered into transactions with its subsidiaries and associated companies that are outside of its usual business or significantly deviate from market conditions. Transactions in the ordinary course of business with subsidiaries include:

In the usual course of business, the Company has entered into the following transactions:

- During the reporting period 2025 the Company recognized dividend income in the amount of BGN 100,000 thousand from its subsidiaries Shelly Europe EOOD – BGN 90,000 thousand and Shelly Trading EOOD – BGN 10,000 thousand;
- During the reporting period the Company provided management services to three of its subsidiaries – Shelly Asia in the amount BGN 35 thousand, Shelly DACH in the amount BGN 43 thousand and Shelly Tech in the amount BGN 18 thousand;
- The Company uses cars and office premises leased from one of its subsidiaries, for which it has recognized right-of-use assets in the separate statement of financial position. The present value of the lease liability recognized as of December 31, 2025, under these contracts is BGN 444 thousand - current liability amounting to BGN 105 thousand and the non-current liability amounting to BGN 339 thousand. Depreciation costs at the end of the reporting period amount to BGN 64 thousand;

- At the end of 2022, SHELLY GROUP ED provided an additional cash contribution of BGN 1,834 thousand (USD 1 million) to its subsidiary Shelly USA Inc. for an annual interest rate of 1.0%. The interest income accrued for this transaction for the year ended December 31, 2025 amounts to BGN 17 thousand.
- On March 23, 2023, SHELLY GROUP SE provided its subsidiary Shelly Tech d.o.o. with a loan in the amount of BGN 978 thousand (EUR 500 thousand). The interest income accrued for this transaction for the year ended December 31, 2025 amounts to BGN 45 thousand.
- On June 1, 2023, SHELLY GROUP SE provided Shelly Tech d.o.o. with an additional cash contribution in the amount of BGN 978 thousand (EUR 500 thousand) under the following conditions: repayment period of up to 1 year, interest rate – 1%. The interest income accrued for the year ended December 31, 2025 amounts to BGN 10 thousand.
- On March 19, 2024, SHELLY GROUP SE provided its subsidiary Shelly USA Inc. with an additional cash contribution of BGN 763 thousand (USD 400,000). The interest income accrued for the year ended December 31, 2025 amounts to BGN 7 thousand.
- On May 14, 2024, the Board of Directors of SHELLY GROUP SE made a decision to provide an additional cash contribution in the amount of BGN 1,173 thousand (EUR 600,000) to the Slovenian subsidiary Shelly Tech d.o.o. The additional cash contribution was provided for a period of 1 year at an annual interest rate of 1%. The interest income accrued for the year ended December 31, 2025 amounts to BGN 12 thousand.
- On January 8, 2025, SHELLY GROUP SE made a decision to provide the American subsidiary Shelly USA Inc. with funding in the form of an additional cash contribution of BGN 1,329 thousand (USD 700 thousand) for a period of one year at an annual interest rate of 1%. The interest income accrued for this transaction for the year ended December 31, 2025 amounts to BGN 8 thousand.
- On December 22, 2025, SHELLY GROUP SE made a decision to provide the Polish subsidiary Shelly Poland SP. ZOO with funding in the form of a short-term loan in the amount of EUR 400 thousand (BGN 782 thousand) for a period of one year at an annual interest rate equal to the interest rate at which Shelly Group subsidiaries use short-term bank funding. The amount was fully utilized by the end of 2025. The interest income accrued for the year ended December 31, 2025 amounts to BGN 1 thousand.

For further information on transactions with companies within the Group, see Note 6 of the separate financial statements as of December 31, 2025.

### **Key management personnel**

In 2025, the members of the Board of Directors were paid gross permanent remuneration (including employer's social security contributions) in the total amount of BGN 1,573 thousand (2024 – BGN 1,617 thousand). The remuneration paid is in accordance with the Remuneration Policy.

The composition of the Board of Directors as of 31.12.2025 is:

- Christoph Vilanek – Chairman
- Nikolay Angelov Martinov – Deputy Chairman
- Dimitar Stoyanov Dimitrov – Executive Director and representative
- Wolfgang Kirsch – Executive Director and representative
- Svetlin Iliev Todorov – Member of the Board of Directors and representative

## Share-Based Remuneration

At the end of 2022 the General Meeting of the Shareholders has approved a Share-based Compensation Scheme for the executive members of the Board of Directors (the Scheme). The scheme has been prepared in accordance with the Company's Remuneration Policy and covers the period 2022 - 2025.

Scheme sets complex criteria for assessment of the results of the activities of the Directors and the performance incentives set are directed towards sustainable and long-term value creation.

This Scheme provides for granting a share-based remuneration in the form of a package of conditional options as follows:

- Basic options - based on criteria for the average price of the Company's share achieved on certain reference dates and non-financial criteria
- Reserve options – based on the consolidated financial indicators of the Company and non-financial criteria.

As of December 31, 2025, when the share-based payments scheme expires, an assessment of the results achieved has been made and the number of shares that each of the two executive members of the Company should receive has been calculated. Based on the set goals and the Company's assessment of the extent to which these goals have been achieved, the executive members are entitled to receive options to acquire 712,200 shares (out of a permitted maximum total number of 890,250 shares). In accordance with the terms of the program and the stipulated exercise price, the fair value of the options as of the grant date is equal to the fair value of the shares as of that date. In accordance with the requirements of IFRS 2, the value of the options to be granted was determined based on the market price of the Company's share on the date of adoption of the share-based payment scheme, which was BGN 20.2771 and accordingly, a share-based payment expense of BGN 14,441 thousand was recognized, included as part of the remuneration expenses in the separate financial statements.

## Annual Bonus

According to a decision of the General Meeting of Shareholders dated June 2, 2025, an amendment to the remuneration policy for the executive members of the Board of Directors for 2025 was approved, entitling them to receive a variable cash remuneration (annual bonus), the amount of which depends on the achieved financial results for the financial year 2025.

The annual bonus is formed as the total amount of the bonus values corresponding to the degree of fulfilment of the target results for each of two financial components – EBIT and consolidated revenues, as well as at least one non-financial criterion.

The achievement of each of the financial criteria is assessed based on the Company's annual consolidated financial statements for 2025, certified by a registered auditor and approved by the General Meeting of Shareholders. Therefore, the annual bonus accrual in the separate financial statements was calculated based on unaudited financial data. The final amount of the bonus shall be approved by the General Meeting of Shareholders upon approval of the Company's audited consolidated financial statements for 2025 and taking into account all other conditions provided for.

Based on preliminary data on achieved consolidated sales revenues and EBIT for 2025, an annual bonus of BGN 398 thousand was calculated for each of the two executive members of the Company's Board of Directors.

**15.5. Information about events and indicators of unusual for the issuer nature that have a significant impact on its activities and its realized revenues and expenses; assessment of their impact on results in the current year**

During the reporting period there were no events or indicators of an unusual nature for Shelly Group SE. Shelly Group SE is a European company - holding, whose scope of business includes acquisition, management, assessment and sale of participations in Bulgarian and foreign companies. Within the scope of activities during the reporting period the Company has carried out transactions as indicated in p. 15.3 and 15.4 of this Report.

**15.6. Information about off-balance-sheet transactions - nature and business purpose, indication of the financial impact of transactions on the business if the risk and benefits of those transactions are material to the issuer and disclosure of such information is material to the issuer's financial condition**

During the reporting period the Company has not entered into transactions that were conducted off-balance sheet.

**15.7. Information on shareholdings of the issuer, its main investments in the country and abroad (in securities, financial instruments, intangible assets and real estate) as well as investments in equity securities outside its Group of companies within the meaning of the Accountancy Act and the sources/ways of financing**

As of the end of the reporting period, SHELLY GROUP SE owns shares of subsidiaries and associated companies as indicated in p. 2 of this Report.

**15.8. Information about loan agreements concluded by the issuer or its subsidiary or parent company, in their capacity of borrowers, with specification of their terms, including deadlines for repayment, as well as information on guarantees and commitments**

Apart from the financing specified in item 15.4 of this Report within the framework of the usual scope of activity, the companies of the Group of "SHELLY GROUP" SE have concluded the following loan agreements:

In the fourth quarter of 2024, the Board of Directors of SHELLY GROUP SE has also approved the subsidiary Shelly Europe EOOD, in its capacity as a tenant, has concluded a Lease Agreement for office premises for a period of 10 years with Office X AD, in its capacity as a landlord. The subject of the contract are 2,840 sq. m. office space, 60 parking spaces and a service room, located in office building Office X, Building 3, the use of which is provided for a monthly fee (rental price and management and maintenance fee, fixed for a period of 5 years) in the total amount of EUR 57,914.40 or BGN 113,270.72, excl. VAT, subject to annual indexation or a total of EUR 6,949,728.00 or BGN 13,592,486.51, excl. VAT for the entire term of the contract. No interested or related parties are involved in the transaction. The deal is related to the need for additional office space as a result of the expansion of the team and the development of the business.

For the purposes of fulfilling the obligation of the subsidiary Shelly Europe EOOD under the Lease Agreement for the provision of a bank guarantee in favor of the landlord Office X AD, the Board of Directors of SHELLY GROUP SE has approved and on 04.04.2024 the subsidiary has concluded with Eurobank Bulgaria AD a Loan Agreement in the form of a credit limit for the issuance of bank guarantees and letters of credit with EUROBANK BULGARIA AD for the amount EUR 500,000 (BGN 977,915 according to the BNB fixing) with a term of 36 months and an interest rate formed by the basis – PRIME Euro Business Clients of Eurobank Bulgaria AD, which is periodically updated by the Bank according to a methodology published on the Bank's website <https://www.postbank.bg/bg-BG> (currently 1.95%) and a contractual margin: 1.50%. To date, the amount of EUR 208,490 has been utilized under the credit line, subject to said bank guarantee. The bank guarantee is subject to annual renewal.

In 2024, the Board of Directors SHELLY GROUP SE has approved and the subsidiary Shelly Europe EOOD has concluded with UNITED BULGARIAN BANK AD, UIC 000694959, an overdraft agreement with a credit limit of up to BGN 10,000,000.00 with a repayment deadline of 29.10.2027 and annual interest rate on regular principal - short-term interest rate of UBB plus 2.5% mark-up per annum, but no less than 2.5% per annum. The overdraft is secured by a special pledge of receivables from a client of the subsidiary and a financial collateral agreement. During the reporting period, the Board of Directors of SHELLY GROUP SE has approved and the subsidiary Shelly Europe EOOD has signed an annex to increase the overdraft limit to BGN 20,000,000. The additional overdraft limit is additionally secured by a pledge of goods in stock. The annual interest rate and term remain unchanged.

In the third quarter of 2025, the Board of Directors SHELLY GROUP SE has approved and the subsidiary Shelly Europe EOOD has concluded with UNITED BULGARIAN BANK AD, UIC 000694959, an a Loan Agreement in the form of a credit limit of up to BGN 25,000,000.00 with a repayment deadline of 30.07.2028 and annual interest rate on regular principal - short-term interest rate of UBB plus 2.25% mark-up per annum, but no less than 2.25% per annum. The credit line is secured by a special pledge of receivables of the subsidiary and a financial collateral agreement and a special pledge of goods in stock.

Further information regarding loans and additional cash contributions provided by SHELLY GROUP SE to its subsidiaries and the terms thereof is provided in paragraph 15.4 of this Report.

**15.9. Information on loan agreements concluded by the issuer, its subsidiary or parent company, in their capacity as lenders, including the provision of guarantees of any kind, including to related parties, with specification of their special terms, including the final payment deadlines, and the purpose for which they were granted**

Within the scope of its business, the Company has provided funding in the form of additional cash contributions and loans to its subsidiaries as set out in p. 15.4 of this Report.

SHELLY GROUP SE has not granted any other loans, provided guarantees or assumed obligations in general to a single person or its subsidiary, including related parties.

The subsidiary SHELLY EUROPE EOOD has provided guarantees in the form of a bank guarantee and bond, as specified in p. 15.8 of this Report.

**15.10. Information on the use of funds from new issue of securities during the reporting period**

In July 2025, the Company's share capital is increased to BGN 18 158 060, divided into 18 158 060 ordinary, dematerialized, registered voting shares with a nominal value of BGN 1 each. The increase was made through a cash contribution of a total amount of BGN 52 501 in a procedure for initial public offering of shares, held in the period from 12.06.2025 to 21.06.2025 inclusive, in accordance with the Art. 112, para. 3 of the Public Offering of Securities Act, without a prospectus according to the Information Document pursuant to Art. 1, para 4 ("i") in connection with Art. 1, para 5 ("h") of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.

**15.11. Analysis of the relationship between the achieved financial results reflected in the financial statements for the financial year and previously published forecasts of these results**

SHELLY GROUP SE has not published financial forecasts on an individual basis. The Company has published information of the following financial targets for development in 2024 on a consolidated basis, namely: For the current financial year 2025, the Board of Directors expects revenue from sales of devices and related services on a consolidated basis in the amount EUR 149.7 million (BGN 292.9 million) and profit before interest and taxes (EBIT) which is likely to be around EUR 30.3 million (BGN 59.4 million).

**15.12. Analysis and evaluation of the policy on financial resources management, specifying the capabilities for servicing the obligations, possible threats and measures that the issuer has undertaken or is about to undertake to eliminate the risks**

SHELLY GROUP SE carries out its operational activities in a way that the management of the financial resources is exclusively subordinated to the maintaining of such a capital structure that will allow to combine the lower risk of using only own funds with the higher efficiency and flexibility of cash flow under conditions of debt financing so that the Company is able at any time to switch from one type of financing to another, depending on its specific needs.

**15.13. Assessment of the possibilities for realization of investment intentions, indicating the amount of the available funds and stating the possible changes in the structure of financing this activity**

The Company plans to continue investing in 2026 in the development of Internet of Things through its subsidiaries.

The investment program will be funded with the Company's own cash and raised funds, if necessary.

**15.14. Information on changes that occurred during the reporting period in the key management principles of the issuer and its Group of companies within the meaning of the Accountancy Act**

During the reporting period, there were no changes in the basic principles for managing the Company and its Group of companies.

**15.15. Information on the main features of the internal control and the risk management system applied by the issuer in the financial reporting process**

A general description of the internal control and risk management system is provided below.

The Company has a system of internal control and risk management (“the system”) that guarantees the effective functioning of the reporting and disclosure systems as well as an Audit committee. The system is built and functioning in order to identify the risks associated with the Company's activities and their effective management. The Board of Directors has the primary responsibility and role in establishing the internal control and risk management system. It performs both managing and guiding function as well as ongoing monitoring.

The ongoing monitoring by the management consists of assessing whether the system is still appropriate for the Company in a changed environment, whether it operates as expected and whether it adapts successfully to the changed conditions. The evaluation of selected areas is in line with the Company's priorities. The evaluation is also commensurate with the specifics of the Company and the impact of the identified risks.

The Board of Directors monitors the main features and characteristics of the system, including identified incidents and the respective applied corrective actions.

The Audit Committee assists the Board of Directors in the execution of their control functions and powers with regard to the financial reporting process, the internal control system, the audit process and monitoring on compliance of the activities of Shelly Group SE with the provisions of applicable national and European legislation, as well as the Company's internal policies. The Audit Committee holds regular meetings, fulfilling the functions assigned to it by law and the General Meeting of Shareholders in accordance with the adopted Statutes.

### **Control environment**

The control environment includes the functions of general management, as well as the attitude, awareness and actions of the corporate management pertaining to internal control.

- **Commitment for competence.** The Board of Directors of the Company, as well as those involved in the internal control and risk management process, have the relevant knowledge and skills necessary to perform the tasks. The executive members of the Board of Directors of the Company monitor the levels of competence required for the specific jobs and the ways in which those competences become required skills and knowledge.
- **Participation of those charged with governance.** The awareness of control in the Company is greatly influenced by those charged with governance, namely the Board of Directors. The responsibilities of the members of the Board of Directors are stated in the Statutes of the Company and the management contracts. In addition, the Executive Members of the Board of Directors are also responsible for the supervision of the effective functioning of the early warning procedures and of improving the Company's internal control.
- **Philosophy and operational style of the management.** The philosophy and operational style of the management cover a wide range of characteristics. The attitudes of the members of the Board of Directors and their actions in relation to financial reporting are manifested through the choice of more conservative accounting principles.
- **Organizational structure.** Establishing an appropriate organizational structure includes determining the main areas of authority and responsibility and the appropriate hierarchical levels of accountability and reporting. The Board of Directors assesses the appropriateness of the organizational structure of the Company, taking into consideration the size and nature of the activities performed.

- **Assignment of powers and responsibilities.** When assigning powers and responsibilities of the employees in the Company, the management shall take into account the business practices applicable to the sector, knowledge and experience of employees and available resources available in the Company.
- **Policies and practices related to human resource.** When recruiting staff, the executive members of Board of Directors focus on qualifications, previous professional experience, past accomplishments, and evidence of integrity and ethical conduct. The purpose of corporate management is to hire competent and reliable employees.

### **Risk assessment process for the Company**

The process of risk assessment is the basis on which the Board of Directors of the Company determines the risks to be managed.

The Board of Directors of the Company identifies the following types of risk that affect the Company and its activities: general (systematic) and specific (non-systematic) risks.

Systematic risks are related to the macro environment in which the Company operates, which is why in most cases they cannot be controlled by the management team.

Non-systematic risks are directly related to the activities of the Company and depend mainly on corporate governance. To minimize them, we rely on increasing the efficiency of internal company planning and forecasting, which provides opportunities to overcome possible negative consequences of a risky event.

Each of the risks related to the country - political, economic, credit, inflation, foreign exchange, has its own significance, but the interaction between them forms a comprehensive picture of the main economic indicators, market and competitive conditions in the country in which the Company operates.

A detailed description of the risks typical for the activity of Shelly Group SE is presented in the section VII. MAIN RISKS, WHICH THE COMPANY FACES in this Report.

### **15.16. Information about the changes in the Board of Directors of the Company**

As of 31.12.2025 Shelly Group SE has a one-tier management system – 5-member Board of Directors (BoD). During the reporting period, there was no change in the personnel composition of the Board of Directors.

As of 05.01.2026, the mandate of the members of the Board has been extended according to a decision of the General Meeting of Shareholders of 02.06.2025.

The Board of Directors includes:

- Christoph Vilanek – Chairman;
- Nikolay Martinov – Deputy Chairman;
- Dimitar Dimitrov – Executive Director and representative;
- Wolfgang Kirsch – Executive Director and representative;
- Svetlin Todorov – Member and representative.

The representative members of the Board of Directors represent the Company jointly or separately.

**15.17. Information on the amount of remuneration, rewards and/or additional benefits of each member of the Board of Directors for the reporting financial year paid by the issuer and its subsidiaries, regardless of whether they were included in the issuer's expenses or are attributable to distribution of profits, including:**

**A) received amounts and non-monetary remunerations**

During the reporting period, the members of the Board of Directors received from Shelly Group SE cash /gross/ in the total amount of BGN 1 573 thousand in accordance with the effective Remuneration Policy.

- Dimitar Stoyanov Dimitrov – BGN 596 thousand
- Svetlin Iliev Todorov – BGN 69 thousand
- Nikolay Angelov Martinov – BGN 69 thousand
- Wolfgang Kirsch – BGN 596 thousand
- Christoph Vilanek – BGN 243 thousand

During the reporting period the following members of the Board of Directors received cash remuneration /gross/ from subsidiaries:

- Dimitar Stoyanov Dimitrov – BGN 239 thousand
- Svetlin Iliev Todorov – BGN 331 thousand
- Wolfgang Kirsch – BGN 54 thousand

The members of the Board of Directors have not received any non-cash remuneration during the reporting period. (see also Report on the implementation of the remuneration policy).

**B) contingent or deferred remuneration**

At the General Meeting of Shareholders held on December 13, 2022, a decision was adopted to amend the Remuneration policy of the members of the Board of Directors (the Policy), as well as Scheme for granting variable remuneration in shares of the Company to the executive members of the Board of Directors for the period 2022 – 2025 (the Scheme). The fulfilment of the criteria set out in the Scheme is subject to a decision of the General Meeting of Shareholders after the end of the reporting year 2025.

As of December 31, 2025, when the share-based payments scheme expires, an assessment of the results achieved has been made and the number of shares that each of the two executive members of the Company should receive has been calculated. Based on the set goals and the Company's assessment of the extent to which these goals have been achieved, the executive members are entitled to receive options to acquire 712,200 shares (out of a permitted maximum total number of 890,250 shares). In accordance with the terms of the program and the stipulated exercise price, the fair value of the options as of the grant date is equal to the fair value of the shares as of that date. In accordance with the requirements of IFRS 2, the value of the options to be granted was determined based on the market price of the Company's share on the date of adoption of the share-based payment scheme, which was BGN 20.2771 and accordingly, a share-based payment expense of BGN 14,441 thousand was recognized, included as part of the remuneration expenses in the separate financial statements.

**C) an amount owed by the issuer or its subsidiaries for the payment of pensions, retirement benefits or other similar benefits**

The Company has prepared an actuarial evaluation of the retirement benefits of the staff as of December 31, 2025. As a result of the evaluation long-term retirement obligations to employees are reported in the statement of financial position amounting to BGN 168 thousand.

**15.18. Information about shares of the issuer owned by members of the Board of Directors, procurators and senior management, including the shares held by each of them as a percentage of the shares of each class, as well as options provided by it on securities - the type and amount of the securities on which the options are issued, the exercise price, the purchase price, if any, and the term of the options**

As of the end of the reporting period, the shares held by members of the Board of Directors of Shelly Group SE are:

**Table 13**

NAME	% OF CAPITAL
Svetlin Todorov	27.79%
Dimitar Dimitrov	28.84%
Nikolay Martinov*	0%
Wolfgang Kirsch**	0%
Christoph Vilanek	0%

\*Nikolay Martinov has no direct interest in the capital of the Issuer. The companies Unicom Consult EOOD, where he is sole owner of the capital and Managing Director, Impetus Capital OOD and Impetus Partners OOD, where he is a Manager and a partner holding 50% and 43.75% of the capital, respectively, as well as ImVenture I KDA and ImVenture II KDA, where he is a representative of the legal entity Impetus Capital OOD, own respectively: Unicom Consult EOOD – 78,750 shares (0.43%), Impetus Capital OOD - 162,000 shares (0.89%), Impetus Partners OOD - 405,000 shares (2.24%), ImVenture I KDA - 123,288 shares (0.68%), ImVenture II KDA - 68,493 shares (0.38%) in the Issuer's capital and a total of 837,531 shares (4.626%) of voting rights in its General Meeting.

\*\* Wolfgang Kirsch holds approximately 0.03% of the voting rights in the General meeting of the Issuer.

**15.1. Information for the commitments known to the Company (including after the end of the financial year), which in the future may result in changes in the relative portion of shares or bonds held by present shareholders or bondholders**

The Company is not aware of any commitments that may in the future result in a change in the number of shares or bonds held by current shareholders.

Changes may occur in the shareholder’s relative shareholding Dimitar Dimitrov in his capacity as executive director of the Company upon fulfilment of the conditions under the Scheme for granting variable remuneration in shares of the Company to the members of the Board of Directors in the period 2022 – 2025, as described in p. 15.17, letter “b” of this Report.

**15.1. Information on pending litigation, administrative or arbitration proceedings concerning payables or receivables of the issuer amounting to at least 10 percent of its equity**

At the end of the reporting period the Company has no pending litigation, administrative or arbitration proceedings concerning payables and receivables of the issuer amounting to at least 10 percent of its equity.

**15.1. Information on the Investor Relations Director, including telephone and correspondence address**

**For Bulgaria:**

Denitsa Stefanova - Georgieva  
tel. +359 2 9571247 e-mail: [investors@shelly.com](mailto:investors@shelly.com)

**For Germany:**

CROSS ALLIANCE communication GmbH, Sven Pauly  
tel. +49 89 125 09 0331, e-mail: [sp@crossalliance.de](mailto:sp@crossalliance.de)  
[www.crossalliance.de](http://www.crossalliance.de)

**15.1. Sustainability report under Article 41 of the Accounting Act - for financial statements on an individual basis, respectively under Article 51 of the Accounting Act - for financial statements on a consolidated basis, where applicable**

The Company has no obligations for preparation and publication of Sustainability report for the reporting period ending December 31, 2025.

**15.1. Other information at the discretion of the Company**

Other circumstances which the Company considers may be relevant to the investors in deciding whether to buy, sell or continue to hold shares are disclosed publicly, including in the Company's Report on the Activity and the Notes to the separate financial statements.

**16. CHANGES IN THE PRICE OF THE SHARES ON THE BSE**

**Table 14**

Date	Volume	Turnover	Highest value	Lowest value	Opening value	Closing value
22.12.2025	42726	4632079.03	111.482	104.441	107.962	111.482
28.11.2025	41429	4406758.75	111.091	98.574	105.224	110.309
31.10.2025	31154	3302327.64	111.873	100.530	101.703	103.659
30.09.2025	264742	25151341.91	111,482	100,530	101,703	107,571
29.08.2025	72493	7294487.56	113,047	93,880	108,353	102,094
31.07.2025	38162	652538.50	98,574	90,751	93,880	95,836
30.06.2025	73413	7023457.77	99,747	88,990	89,773	93,684
30.05.2025	108938	8688613.72	91,728	64,934	65,520	89,381
30.04.2025	39886	2597062.36	72,952	58,088	71,975	64,542
31.3.2025	50861	3642423.43	74,126	68,258	72,366	72,953
28.2.2025	42417	3039160.19	75,299	68,063	68,454	73,344
31.1.2025	59345	4017690.87	69,823	66,498	66,498	69,432

**Source: Investor.bg**

Information on the trading in the shares of Shelly Group SE during the reporting period on the Frankfurt Stock Exchange is available at: <https://www.boerse-frankfurt.de/equity/allterco-jsco/price-history/historical-prices-and-volumes>

**17. INFORMATION ABOUT THE PUBLIC COMPANY UNDER APPENDIX 3 TO ORDINANCE No 2 OF THE FINANCIAL SUPERVISION COMMISSION**

**17.1. Information on securities not admitted to trading on a regulated market in the Republic of Bulgaria or another Member State**

As of the end of the reporting period, the issued, subscribed, paid-in and registered capital of the Company amounts to BGN 18 158 060 (eighteen million one hundred and fifty eight and sixty) divided into 18 158 060 (eighteen million one hundred and fifty eight and sixty) ordinary registered, dematerialized voting shares with a nominal value of BGN 1 (one) each. All shares of the Company are of one class and each share gives the right to one vote in the General Meeting of Shareholders, the right to dividend and liquidation share, proportional to the nominal value of the share.

The Company has not issued any shares that are not admitted to trading on a regulated market in the Republic of Bulgaria or another Member State. As of the end of the reporting period, the Company's entire share issue was listed for trading on the Bulgarian Stock Exchange and the Frankfurt Stock Exchange.

**17.2. Information on the direct and indirect ownership of 5 per cent or more of the voting rights in the general meeting of the Company, including details of the shareholders, the amount of their shareholding and the manner in which the shares are held**

At the end of the reporting period the structure of the capital of SHELLY GROUP SE is the following:

**Table 15**

SHAREHOLDER	% OF CAPITAL
Svetlin Todorov	27.79%
Dimitar Dimitrov	28.84%
Other individuals and legal entities	43.37%

**17.3. Details of shareholders with special control rights and description of these rights**

SHELLY GROUP SE has no shareholders with special controlling rights.

**17.4. Agreements between the shareholders which are known to the Company, and which may result in restrictions on the transfer of shares or voting rights**

The Company is not aware of any other shareholders' agreements in force at the date of this document which may result in restrictions on the transfer of shares or voting rights.

**17.5 Substantial contracts of the Company that are effective, altered or terminated due to a change in the Company control in the course of a mandatory tender offer and the consequences thereof, unless the disclosure of such information could cause serious damage to the Company; exception under the preceding sentence shall not apply in cases where the Company is obliged to disclose the information under the law**

The Company has not entered into any substantial contracts that are effective, amended or terminated due to change in the Company control in the course of a mandatory tender offer.

**18. INFORMATION PURSUANT TO ART. 10, ITEM 4 OF REGULATION NO. 2 OF THE FINANCIAL SUPERVISION COMMISSION REGARDING THE PUBLISHED INSIDE INFORMATION UNDER ART. 7 OF REGULATION (EC) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 16 APRIL 2014 ON MARKET ABUSE (MARKET ABUSE REGULATION) AND THE NEWS AGENCY OR OTHER MEDIA CHOSEN BY THE ISSUER THROUGH WHICH THE COMPANY MAKES THE INSIDE INFORMATION PUBLIC**

Detailed information on significant events that occurred during the reporting period for Shelly Group SE, including inside information within the meaning of Article 7 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on Market Abuse (Market Abuse Regulation), as well as other information that could be relevant for investors (regulated information) is regularly disclosed by the Company in accordance with regulatory requirements. The Company is disclosing the regulated information to the public through a selected information medium.

All information provided to the media in full unedited text is available at: <http://www.x3news.com/>. The required information is submitted to the FSC - through the unified electronic information submission system established and maintained by the FSC - e-Register. The information is also available on the Company's website at: <https://corporate.shelly.com/> and inside information for the reporting year is available in a separate dedicated section on the website.

Date: March 18, 2026

Executive Director:

/Dimitar Dimitrov/

## **REPORT**

### **ON THE IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE MEMBERS OF THE BOARD OF DIRECTORS OF SHELLY GROUP SE**

#### **REPORTING PERIOD**

**01.01.2025 – 31.12.2025**

**pursuant to Art. 13 of Ordinance No. 48 of the Financial Supervision Commission of March 20, 2013 on the requirements to the remuneration**

*This Report on the implementation of the remuneration policy for the members of the Board of Directors of Shelly Group SE (the “Report”, “Remuneration Report”) has been prepared by the Board of Directors of SHELLY GROUP SE (the Company) in compliance with the provisions of art. 13 in connection with art. 12, par. 1 of ORDINANCE No. 48 of the Financial Supervision Commission of March 20, 2013 on the requirements to the remuneration and represents a separate document which is part of the annual financial statements of the Company as of December 31, 2025. The report contains a review of the method of implementation of the remuneration policy in 2025 (the reporting year) and information on the implementation of the remuneration policy for the next financial year is attached.*

**1. Information on the decision-making procedure on remuneration policy, including, if applicable, information on the mandate and members of the remuneration committee, names of external consultants whose services are used when defining remuneration policy**

The remuneration policy for the members of the Board of Directors of SHELLY GROUP SE, as well as any amendments and supplements thereto are prepared by the Board of Directors of the Company and approved by the General Meeting of Shareholders.

The current Policy was prepared by the Board of Directors of the Company in compliance with regulatory requirements. The policy was adopted by the annual regular General Meeting of Shareholders held on June 28, 2021. The applicable Remuneration policy is in force as of June 28, 2021, amended and supplemented on December 13, 2022, December 18, 2023 and June 2, 2025 (the “Policy”). According to the decision of the General Meeting of Shareholders of October 14, 2024, the Remuneration Policy is in force and continues to be applied after the transformation of the Company into a European company (Societas Europae) with its registered office in the Republic of Bulgaria pursuant to Article 281 et seq. of the Commerce Act and Article 2, para 4 of the Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European Company (SE), with relevant technical amendments reflecting the changes in the name and other data of the European company.

Pursuant to the effective remuneration policy for the members of the Board of Directors of SHELLY GROUP SE, the Company has no remuneration committee. The Board of Directors has hired external consultants in the process of defining the Policy.

The Remuneration policy for the members of the Board of Directors of SHELLY GROUP SE, as well as any amendments and / or supplements or revisions, shall be developed by the Board of Directors of the Company and adopted by the Company based on a decision of the General Meeting of Shareholders, by including a separate item on the agenda announced in the convocation of the General meeting. A description and clarification of the significant changes and the way in which the results of the General Meeting votes were taken into account, the opinions of the shareholders and the minutes of the General Meetings at which the Remuneration policy was discussed and voted are reflected in Appendix 1 thereto.

The Company shall disclose the Remuneration Policy of the members of the Board of Directors and any subsequent changes in a clear and accessible manner, without disclosing sensitive commercial information or other information constituting a secret protected by law, by publishing it on the Company’s website. The adopted Remuneration Policy, including its adoption date and effective date and the results of the voting at the General Meeting is published on the Company’s website and is available free of charge.

The Remuneration Policy shall be reviewed, amended and/or supplemented at least once every 4 years as well as when it requires substantial changes and/or additions, or it is necessary to achieve the objectives set out therein.

During the reporting financial year SHELLY GROUP SE applied the Remuneration policy for the members of the Board of Directors in compliance with regulatory requirements for public entities, the Company’s objectives, long-term interests and strategy for future development as well as its financial and economic position in the context of national and European economic environment.

## 2. Information on the relative weight of the variable and permanent remuneration of the members of the management and supervisory bodies

### 2.1. Permanent remuneration

Pursuant to the valid Remuneration Policy for the members of the Board of Directors of SHELLY GROUP SE, during the reporting financial year the Company paid the members of the Board of Directors permanent remuneration which amount was approved by the General Meeting of Shareholders, considering the following:

- the obligations, the degree of workload, commitment and loyalty of the members of the Board of Directors related to the management of the Company;
- the possibility for selection and retention of qualified and loyal members of the Board of Directors, including those with proven previous professional experience at the international level;
- compliance with the interests of the members of the Board of Directors and the long-term interests of the Company;
- the market levels of remuneration for the relevant position in similar companies on the domestic and international labor market, taking into account the place of activity of the relevant member of the Board of Directors,
- the expected contribution of each member of the Board of Directors to the development of the Company internationally, based on their qualifications, professional experience and field of activity;

The permanent remuneration (salary) is not related to the achievement of certain results.

The permanent remuneration is in accordance with:

- i. the main Company's activity on a consolidated basis and related revenue, taking into account that as a holding pursuant to art. 277 and art. 278 of the Commerce Act the Company performs no production or commercial activities but generates its revenue mainly from dividends and management fees from its subsidiaries;
- ii. the Company's development strategy aimed at sustainable development by introducing international business practices and attracting foreign investors to strengthen the Company's shares on the German capital market.

Pursuant to Art. 14 of the Policy, in view of the financial and economic position of the Company, as well as considering the specific commitment of each BoD member, the maximum permissible permanent remuneration of the BoD members by the Company is determined as follows:

- **Executive BoD member**
  - the total gross monthly remuneration shall not exceed the amount of EUR 25 000 (BGN 48 895.75);
- **Non-executive BoD member:**
  - the total gross monthly remuneration shall not exceed the amount of EUR 10 000 (BGN 19 558.3)
  - the permanent gross additional remuneration for participation in a regular meeting of the Board of Directors shall not exceed the amount of EUR 2 000 per month (BGN 3 911.66).

The specific amount of remuneration for each BoD member is determined individually by the General Meeting of Shareholders within the framework defined in the Remuneration Policy.

The permanent remuneration thus determined represents a sufficiently large portion of the total remuneration of each BoD member, which allows the implementation of a flexible policy by the Company regarding the variable remuneration, including the possibility no remuneration to be paid when the criteria for achieved results are not met, as well as in case there is a significant deterioration in the Company's financial position.

According to the Remuneration Policy, an executive member of the Board of Directors may receive a permanent gross monthly remuneration from subsidiaries in the Company's group in which he/she performs functions under an employment contract or an equivalent legal relationship (including under management contracts) in a total amount of up to EUR 50,000 per year,

## 2.2. Variable cash remuneration

### 2.2.1. Variable share-based payments

By decision of December 13, 2022 the General Meeting of the Shareholders has approved a Share-based Compensation Scheme for the executive members for the period 2022 - 2025. The scheme remains in force and continues to apply after the transformation of the Company with relevant technical changes reflecting the changes in the name and other data of the European company.

Based on the adopted decisions on December 13, 2022, at the General Meeting of the Shareholders a decision was taken to grant variable remuneration in shares to the executive members of the Board of Directors of Shelly Group SE in the form of options, according to the Scheme, namely:

(1) to the director Mr. Dimitar Dimitrov for the Period of execution of the Scheme is granted a package of conditional options, the conditions and order for exercising are in accordance with the Scheme and Policy, and the remuneration may reach maximum number of 296 750 shares of the capital of Shelly Group SE, as follows:

The basic options, each for the specified number of shares, the conditions of exercise of which include the achievement of the specified Quarterly Average Share Price (QASP) on one of the alternatively specified reference dates and other conditions under the Scheme are as follows:

- (i) 59 350 shares at QASP of at least EUR 11.16 (Basic option 11.16 DD);
- (ii) 44 512 shares at QASP of at least EUR 18.00 (Basic option 18 DD);
- (iii) 44 513 shares at QASP of at least EUR 27.00 (Basic option 27 DD);
- (iv) 44 512 shares at QASP of at least EUR 38.00 (Basic option 38 DD);
- (v) 44 513 shares at QASP of at least EUR 46.00 (Basic option 46 DD);
- (vi) 59 350 shares at QASP of at least EUR 55.00 (Basic option 55 DD).

Reserve options, each for the indicated number of shares, whose conditions for exercise for the specified reference period are determined according to the Scheme, as follows:

- (i) 29 513 shares upon meeting conditions provided for in the Scheme for reference year 2022 (Reserve option 2022 DD);
- (ii) 34 675 shares upon meeting conditions provided for in the Scheme for reference year 2023 (Reserve option 2023 DD);
- (iii) 39 675 shares upon meeting conditions provided for in the Scheme for reference year 2024 (Reserve option 2024 DD);
- (iv) 44 512 shares upon meeting conditions provided for in the Scheme for reference year 2025 (Reserve option 2025 DD).

(2) to the director Wolfgang Kirsch for the Period of execution of the Scheme is granted a package of conditional options, the conditions and order for exercising are in accordance with the Scheme and Policy, and the remuneration may reach maximum number of 593 500 shares of the capital of Shelly Group SE, as follows:

- (i) 118 700 shares at QASP of at least EUR 11.16 (Basic option 11.16 WK);
- (ii) 89 025 shares at QASP of at least EUR 18.00 (Basic option 18 WK);
- (iii) 89 025 shares at QASP of at least EUR 27.00 (Basic option 27 WK);
- (iv) 89 025 shares at QASP of at least EUR 38.00 (Basic option 38 WK);
- (v) 89 025 shares at QASP of at least EUR 46.00 (Basic option 46 WK);
- (vi) 118 700 shares at QASP of at least EUR 55.00 (Basic option 55 WK).

Reserve options, each for the indicated number of shares, whose conditions for exercise for the specified reference period are determined according to the Scheme, are as follows:

- (i) 59 025 shares upon meeting conditions provided for in the Scheme for reference year 2022 (Reserve option 2022 WK);
- (ii) 69 350 shares upon meeting conditions provided for in the Scheme for reference year 2023 (Reserve option 2023 WK);
- (iii) 79 350 shares upon meeting conditions provided for in the Scheme for reference year 2024 (Reserve option 2024 WK);
- (iv) 89 025 shares upon meeting conditions provided for in the Scheme for reference year 2025 (Reserve option 2025 WK).

The occurrence of the conditions for granting options is subject to assessment by the General Meeting of Shareholders of Shelly Group SE after the expiration of the Period of execution according to the Scheme and with the decision of the general meeting, which determines the number of shares that the directors of the Company are entitled to receive upon exercising the respective options, the manner in which Shelly Group SE will secure the shares that it should provide to the directors upon exercising the options granted to them is also determined. The selection of the method of securing the shares to fulfil the obligations under the granted options should be oriented, when other conditions are equal, to achieving the most favourable financial conditions possible for the Company and its shareholders, such as analysis and justification of costs when applying different scenarios, together with the non-financial advantages and disadvantages of the respective scenarios, should be presented in the motives for the proposal. Paragraph 15.3. of the Scheme provides that the provision of shares may be carried out by providing own shares or by granting the right to participate in a special capital increase procedure.

As long as the distribution of functions between the members of the Board of Directors is preserved, Mr. Wolfgang Kirsch and Mr. Dimitar Dimitrov will continue to be executive members, the results achieved by them will be reported for the entire period of operation of the Scheme (without interruption), including the period before the transformation into a European company.

The Board of Directors proposes for voting by the General Meeting the provision of share-based payments as a single occurrence upon the expiry of the Performance Period (2022 – 2025), according to the Share-based Compensation Scheme as approved by the General Meeting.

The decision to grant the executive BoD members a share-based payments is taken by the General Meeting of Shareholders, where a specific Share-Based Compensation Scheme shall be approved.

According to the Scheme effective at the end of the reporting period, the variable remuneration provided under this Scheme is in the form of package of Basic and Reserve Options.

The General Meeting of Shareholders decides to which directors the Company provides a package of options as provided in this Scheme, by which decision the specific parameters of each option included in the package of options provided to the respective director are determined.

#### 2.2.2. Variable cash remuneration

With an amendment to the Remuneration Policy, in force as of 01.01.2024, adopted by a decision of the General Meeting of Shareholders dated 18.12.2023, the Company may pay to the executive members of the Board of Directors also an annual variable cash remuneration (“Annual Bonus”).

The Annual Bonus is linked to the financial results of the Company’s activities on an annual consolidated basis and to the fulfilment of one or more non-financial performance criteria, which shall be determined by a decision of the General Meeting of Shareholders.

The degree of achievement of the financial and non-financial criteria is reported on a consolidated basis as at 31 December of the year for which performance is assessed (“Year of performance”) according to the annual consolidated financial statements audited and adopted by the General Meeting of Shareholders.

The decision to grant the executive members of the Board of Directors an Annual Bonus is made by the General Meeting of Shareholders, which determines the maximum amount of the Annual Bonus and the conditions (type and degree of financial and non-financial criteria achieved, rules for determining the specific amount of the Annual Bonus according to the achievement of the specified criteria, period for which it is provided and payment method) under which the payment of the Annual Bonus will be due. The Annual Bonus is paid in an amount according to the conditions adopted by the General Meeting based on the degree of financial and non-financial criteria achieved.

In case of failure to meet the non-financial criteria, the Annual Bonus may be paid in a reduced amount, according to the Conditions for granting Annual Bonus adopted by the General Meeting of Shareholders, or according to an explicit decision of the General Meeting, when such conditions are not provided.

The annual bonus is paid by decision of the Board of Directors, in accordance with the conditions adopted by the General Meeting of Shareholders only after adoption by the General Meeting of Shareholders of the annual consolidated financial statements of the Company for the Year of performance.

According to a decision of the General Meeting of Shareholders dated June 2, 2025, an amendment to the remuneration policy for the executive members of the Board of Directors for 2025 was approved, and the condition for payment of an annual bonus to the executive members of the Board of Directors of Shelly Group SE for 2025 were adopted, the amount of which depends on the financial results achieved for financial year 2025.

The Annual Bonus is formed of the bonus values corresponding to the degree of target results achieved for each of 2 financial components - EBIT and consolidated revenues, as well as 3 non-financial criteria.

Each financial criteria achieved is assessed based on the Company's annual consolidated financial statements for 2025, certified by a registered auditor and adopted by the General Meeting of Shareholders. Therefore, an accrual for annual bonus due has been made in these financial statements, based on unaudited financial data. The final amount of the bonus should be approved by the General Meeting of Shareholders upon adoption of the Company's audited consolidated financial statements for 2025.

Based on preliminary data on consolidated sales revenues achieved and EBIT, as well as based on the fulfilment of non-financial criteria provided for in the conditions, an annual bonus of BGN 398 thousand was calculated for each of the two executive members of the Company's Board of Directors.

In case adjusted (compared to the audited financial statements) values of the financial criteria are to be used to determine the amount of the Annual Bonus, the General Meeting shall decide on the payment obligations of the Annual Bonus and determine its amount. The Board of Directors shall include in the agenda of the annual General Meeting an item for decision-making in accordance with the previous sentence based on a report on the adjusted results.

According to the TERMS AND CONDITIONS FOR PAYMENT OF ANNUAL BONUS TO EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS OF SHELLY GROUP SE FOR 2025, adopted by decision of the General Meeting of Shareholders of June 2, 2025, the Annual Bonus is paid in the amount corresponding to the degree of fulfilment of the relevant components as follows: 1.60% of the Annual Bonus is paid by the Company within one month from the date of approval of the Company's annual consolidated financial statements for the reporting period; 2.40% of the Annual Bonus is paid in equal instalments on an annual basis for a period of 3 years, starting from the date of approval of the Company's annual consolidated financial statements for the reporting period.

In case of termination of a management contract with an executive member of the Board of Directors, when such termination is not related to his/her non-performance or other culpable conduct, the deferred part of the Annual Bonus, completed at the date of termination of the Year of Performance, which has not been paid at the date of termination, is subject to payment in full, as defined in accordance with Art. 27 (whether before or after the date of termination), unless otherwise determined by a decision of the General Meeting of Shareholders or in the management contract.

The receipt by an executive director of variable remuneration from any subsidiary within the group as referred to in the preceding subparagraph shall not waive his/her right to receive an Annual Bonus or other variable remuneration from the Company, insofar as such remuneration has been granted by decision of the General Meeting of Shareholders, unless such exclusion is expressly provided for when the relevant remuneration is granted.

Where an executive member of the Board of Directors receives variable remuneration from subsidiaries within the group of the Company in respect of the functions performed by him in those companies under an employment or equivalent relationship (including under a management contract), the maximum total amount of all variable cash remuneration, including the Annual Bonus, that such executive member may receive, may not exceed the gross amount of EUR 300 000 per year.

The Company may grant and pay an Annual Bonus independently of and in addition to the provision and payment of Variable Remuneration in shares.

The Company may also pay an Annual Bonus to non-executive members of the Board of Directors by decision of the General Meeting of Shareholders and by applying the rules under Art. 24 to 28 inclusive.

As of 31.12.2025, the Company has not provided an Annual Bonus to the members of the Board of Directors.

### **3. Information on the criteria for achieved results that are the grounds for receiving share options, shares of the Company or other type of variable remuneration and explanation of the way the criteria in art. 14, par. 2 and 3 of Ordinance 48 contribute to long-term Company interests**

#### **3.1. Criteria for achieved results based on which variable share-based payments is granted**

According to the Remuneration Policy the variable remuneration in shares is dependent on performance of objective and measurable financial and non-financial criteria for the results achieved by the executive directors of the Board of Directors, which promote the stability of the Company and its development in the

long-term. The assessment regarding the performance of the financial and non-financial indicators for results achieved, is performed according to the adopted Scheme for payment of variable remuneration by the General Meeting of the Shareholders on the basis of the consolidated annual report on activities of the Company and appendices thereto, as well as on other publicly available relevant information.

The adopted at the General Meeting of Shareholders on December 13, 2022 Scheme sets complex criteria for assessment of the results of the activities of the Directors and the performance incentives set are directed towards sustainable and long-term value creation.

When determining the remuneration and conditions for their granting, the external environment in which the Company operates, and the competitive market are taken into consideration. The combination of criteria when the rights for exercising the granted options arise in accordance with this Scheme aims to ensure an optimum balance between the long-term and short-term objectives of the Company, which is in the interest of the Company, its shareholders and interested parties.

The granting of variable remuneration in shares in the form of conditional options according to the Scheme is dependent on the performance of objective and measurable financial and non-financial criteria for results achieved, which promote the stability of the Company and the development of its activity in the long-term. When achieving the set criteria for performance the director will have the right to exercise the respective option in accordance with the conditions stipulated in it and in compliance with the rules in the Scheme. The mandatory condition for the occurrence of rights for the exercising of each granted option under this Scheme is the fulfilment of at least one non-financial indicator.

The performance criteria are set in view of the development strategy of the Company and are the same for all directors taking into consideration their functions, their interrelation and achieved total result of the Company and the companies in its Group. Nevertheless, in view of their different internal organizational functions, which contribute in a different way to the performance of the criteria set and their different geographical place, it is admissible to set different remunerations in shares within the framework set in the Scheme.

The performance criteria, including the specific values of the indicators set in the Scheme, on which the respective criteria are based, are subject to change only by motivated decision of the General Meeting of the Shareholders when there is a significant change in the economic environment, market conditions, expectations for development of the Company and other important reasons, which necessitate such amendment.

**The financial criteria include:**

- i. Quarterly average share price (“QASP”), which represents the average arithmetical value of the price of shares to the determined reference date calculated in the following manner:

QASP = sum of weighted-average price (WAP) for each day of the period / number of days during the period

Where,

“period” means three months, immediately preceding the date on which the QASP was determined;

“WAP” means weighted-average price (in the foreign currency of trading) on daily basis as per the information, provided by the Bulgarian Stock Exchange and the Frankfurt Stock Exchange. For the purpose of clarity, the weighted-average daily price is a historical value that is not adjusted by dividend, emission of rights, split or other changes in capital. QASP is determined in accordance with the information provided by Bulgarian Stock Exchange or by the Frankfurt Stock Exchange, which of the two leads to higher QASP, however the information provided by the two stock exchanges cannot be used in combination;

“day” means a date from the period, for which WAP is provided in accordance with the information, provided by the respective stock exchange;

The circle of alternative determined reference dates on which the assessment is made for the performance of the Basic targets consists of the last calendar days of each of the years, included in the Period of performance.

Each Basic target may be achieved only once when this criterion is considered to be fulfilled. After a Basic target is achieved at one of the alternatively set reference dates for calculation, its fulfilment at the next reference dates (if any) is not assessed.

Also, at a given reference date two or more Basic targets may be achieved simultaneously.

- ii. Annual turnover of the Company, which is assessed on consolidated basis in accordance with the annual consolidated financial statements which have been audited and adopted at the General Meeting of the Shareholders for each year of the Period of performance.

Non-financial criteria include activities and projects with long-term and strategic significance for the development of the business of the Company and the Group managed by it, therefore the fulfilment of at least one of these criteria is a condition for the occurrence of rights for exercising the options granted according to this Scheme.

**Non-financial criteria** according to the Scheme include:

- (i) Realization of strategic projects of the Company, such as, but not only:
  - a) transactions on sale and acquisition of participations in other companies;
  - b) ensuring external financing for specific projects, including by fundraising of capital or ensuring a strategic partner or investor;
  - c) reorganization and restructuring of business or separate units of it;  
as well as other projects, apart from the those listed, which could have significance for the development of the business of the Company;
- (ii) Development of the production and logistics, such as, but not only:
  - a) expansion of portfolio of products, introduction of new or optimization of existing productions practices;
  - b) expansion and/or reorganization of production;
  - c) reorganization and optimization of logistics;
  - d) opening new commercial offices, logistic centers;  
as well as other activities, apart from those mentioned, which might be significant for optimization, expansion and/or improvement in another manner of the production and/or logistics;
- (iii) Development of commercial and distribution channels, such as, but not only:
  - a) reorganization or optimization of existing commercial and distribution channels;
  - b) establishing strategic trade partnerships;  
as well as other activities, apart from those listed, which might be significant for the trade and distribution of the goods and services offered by the companies in the group of the Company;

- (iv) Improvement of client servicing, such as, but not only:
  - a) expansion, re-organization and/or optimization of contact centers and channels for clients' servicing in view of providing higher efficiency of processes related to receiving clients' feedback regarding the products and services provided by the companies within the group of the Company;
  - b) improvement of processes for measurement and analysis of customer satisfaction;
  - c) improvement of products and/or services provided by the Company compared to the results from the analysis of customer satisfaction;
  - d) establishing training centers of working groups for servicing and assembly of devices, by the companies within the group of the Company;  
as well as other activities, apart from those listed, related to improvement of servicing of clients;
- (v) conducting procedures for the issuance by the Company of financial instruments on the basis of or related to shares, regardless of the regulated market on which they have been issued;
- (vi) promotion of the Company among potential investors and retaining a good investor image by, but not only:
  - a) holding regular meetings with investors and analysts;
  - b) participation in investor forums and conferences;
  - c) ensuring transparency regarding the activities of the Company and its management and adhering to the laws and regulations and good investor and business practices.

### **3.2. Criteria based on which variable cash remuneration is granted - Annual Bonus**

According to the Terms and Conditions for the payment of an annual bonus to executive members of the Board of Directors of Shelly Group SE for 2025, the annual bonus is a variable two-component additional cash gross remuneration, which is provided to the executive members of the Board of Directors upon achieving the results set out in the Terms and Conditions. The annual bonus is formed as the total amount of the bonus values corresponding to the degree of fulfilment of the Target Results for each of the components, respectively the total amount of Bonus EBIT and Bonus Revenue.

The Annual Bonus for each of the Executive Directors encourages achieving the financial and non-financial criteria.

The financial criteria is determined according to the following target financial results on a consolidated basis for 2025 (including adjusted) ("Target Results"):

EBIT: profit before taxes and fees – between EUR 35 million (minimum value) and EUR 40 million (maximum value) ("Target EBIT") and

Revenue: between EUR 145 million (minimum value) and EUR 155 million maximum value ("Target Revenue"), with each Target result corresponding to a component of the Annual Bonus, respectively – Bonus EBIT and Bonus Revenue;

Non-financial criteria are determined according to the following non-financial results:

- a) new product categories
- b) market growth based on the number of devices sold;

c) expansion of markets for distribution of devices and services, including through the establishing new subsidiaries, branches or representative offices;

For the purposes of calculating the Annual Bonus, achieving at least one non-financial criterion is enough.

The total amount of the Annual Bonus for each of the Executive Directors may not exceed the amount of EUR 300 thousand, regardless of the degree of fulfilment of any or all Target Results.

#### 4. Explanation of methods applied for the assessment of performance criteria

##### 4.1. Share-based payments

###### Basic options

1. Target values (Basic targets) by financial indicator Quarterly average share price (see §10 of the Scheme).

**Table 16**

Reference dates <sup>(1)</sup>	QASP <sup>(2)</sup>	Number of shares
	EUR 11,16	178 050
31.12.2022	EUR 18,00	133 537
31.12.2023	EUR 27,00	133 538
31.12.2024 and	EUR 38,00	133 537
31.12.2025	EUR 46,00	133 538
	EUR 55,00	178 050
	Total shares:	890 250

<sup>1</sup> Alternatively determined reference date as of which the QASP is calculated and an assessment is made regarding the performance of each of the Basic targets, with the exception of already achieved Basic targets.

<sup>2</sup> Quarterly average share price.

<sup>3</sup> Maximum eligible number of shares for all directors, who may be granted Basic options, whose exercise is dependent on the performance of the respective Basic target (the value of QASP, indicated on the same line).

###### Reserve options

2. Target values (Reserve targets) by financial indicator Annual turnover

**Table 17**

Reference year <sup>(1)</sup>	Annual turnover <sup>(2)</sup> (in million EUR)	Number of shares <sup>(3)</sup>
2022	43.5	88 538
2023	62.5	104 025
2024	89	119 025
2025	125	133 537
	Total shares:	445 125

<sup>1</sup> Reporting year to which the audited and approved at the Annual General Meeting of the Shareholders annual consolidated financial statements refer to.

<sup>2</sup> Minimum value of Annual turnover, realized during the year indicated on the same line.

<sup>3</sup> Maximum eligible number of shares for all directors, who may be granted Reserve options, whose exercise is dependent on the performance of the respective Reserve target (value of the Annual turnover, indicated in the same line).

## 4.2. Annual bonus

The amount of the Annual Bonus is determined by the components of the Annual Bonus – Bonus EBIT and Bonus Revenue, each of which is determined according to the degree of fulfilment of its corresponding Target Result, as follows:

### **Bonus EBIT:**

- a) The maximum amount of the Bonus EBIT upon achieving the maximum amount of the Target EBIT or higher ( $EBIT \geq$  EUR 40 million) is EUR 187,500 (maximum Bonus EBIT).
- b) Upon achieving the minimum amount of the Target EBIT, the amount of the EBIT Bonus is 1/3 of the maximum Bonus EBIT or EUR 62,500 (Minimum Bonus EBIT). If the EBIT amount is lower than the minimum value of the Target EBIT ( $EBIT <$  EUR 35 million) - the Bonus EBIT is not payable;
- c) Upon achieving EBIT between the minimum and maximum amount of the Target EBIT (EUR 35 million  $<$   $EBIT <$  EUR 40 million), the amount of the Bonus EBIT is determined as the amount of the Minimum Bonus EBIT, increased by a surcharge of 2.5% of the difference between the achieved EBIT and the minimum Target EBIT, until the maximum Bonus EBIT is achieved.

The maximum Bonus EBIT cannot exceed EUR 187,500.

### **Bonus Revenue:**

- a) The maximum Bonus Revenue value upon achieving the maximum Target Income value or higher ( $Revenue \geq$  EUR 155 million) is EUR 112,500 (maximum Bonus Income).
- b) Upon reaching the minimum Target Revenue value, the amount of Bonus Revenue is 1/3 of the maximum Bonus Revenue or EUR 37,500 (Minimum Bonus Revenue). If the Revenue value is lower than the minimum Target Revenue value ( $Revenue <$  EUR 145 million) - Bonus Revenue is not due;
- c) Upon achieving Revenue between the minimum and maximum value of the Target Revenue (145 million  $<$   $EBIT <$  155 million), the amount of Bonus Revenue is determined as the amount of Minimum Bonus Revenue, increased by a surcharge of 0.75% of the difference between the achieved Revenue and the minimum Target Revenue, until the maximum Bonus Revenue is achieved.

Payment conditions for the respective Annual Bonus component in the specified amount according to the degree of fulfilment include simultaneous fulfilment of the relevant financial and at least one non-financial result.

Failure to meet a non-financial criterion does not affect the fulfilment of the financial criteria for the relevant Annual Bonus component, but the amount of the latter is reduced by 10%, but by no more than EUR 30,000 in total for the Annual Bonus, in which case the value of the relevant Annual Bonus component may be below the minimum amounts set.

## 5. Explanation of the relation between remuneration and achieved results

According to the Remuneration Policy, the permanent remuneration is not linked to the performance.

Such a dependence exists with regard to the variable remuneration in shares, as well as with regard to the variable cash remuneration in the form of an annual bonus, as described in the preceding p. 4, here above.

## **6. Basic payments and justification of the annual Scheme of payment of bonuses and/or other non-monetary additional remuneration**

The amount of basic payments is fixed in the Remuneration Policy.

A possibility is provided for payment of additional variable remuneration in shares to the executive members of the Board of Directors, according to the Scheme adopted by the General Meeting of Shareholders, as specified in item 3 and 4 of this Report.

By an amendment in Remuneration policy adopted by a decision of the General Meeting of the Shareholders on June 2, 2025 a possibility is provided for payment of variable cash remuneration – Annual Bonus – according to p. 2.2.2. of this Report.

As of December 31, 2025, upon the Share-Based Compensation Scheme's expiry, an assessment of the achieved results has been made and the number of shares that each of the two executive members of the Board of Directors should receive has been calculated. Based on the financial and non-financial goals set and the extent to which these they have been achieved, upon decision of the General Meeting of Shareholders, the executive members would be entitled to options to acquire a total of 712,200 shares (out of a possible maximum total of 890,250 shares). Based on preliminary data on achieved consolidated sales revenues and EBIT for 2025 and non-financial criteria, an annual bonus of BGN 398 thousand was calculated for each of the two executive members of the Company's Board of Directors.

## **7. Description of the basic characteristics of the additional voluntary pension insurance scheme and information on contributions paid and/or due by the Company in favor of the director for the relevant financial year, as applicable**

The Company has no obligation for paying additional voluntary pension insurance for the members of the Board of Directors of SHELLY GROUP SE and the Company is not obliged to make contributions in favor of the directors for the reported financial year.

## **8. Information on periods of delay of payment of variable remuneration**

### **8.1. Share-based payments**

The period of execution of the Scheme is 2022, 2023, 2024 and 2025. The granting of variable remuneration in shares in the form of conditional options under this Scheme is subject to the fulfilment of objective and measurable financial and non-financial criteria for achieved results. The fulfilment of the conditions for exercising the options is assessed by the General Meeting of Shareholders at the end of the Performance Period, after or simultaneously with the adoption of the Annual Consolidated Report of the Company for the last year of this period. The General Meeting of Shareholders assesses with respect to each director who has been granted a package of options in accordance with the Scheme, for which of the granted options the conditions for their exercise have been met in accordance with the results achieved by the Company and for the relevant director during the Period of execution. The general meeting adopts decision for the total number of shares which the director has rights to receive from the Company exercising its share options. Meeting the conditions for exercising of each of the provided options is estimated according to the rules under this Scheme.

Options granted which have become exercisable by the relevant director (as set out above) are exercisable in full (for all options for which the conditions for their exercise are met, for all shares for which the relevant options can to be exercised) or partially (for part of the options for which the conditions for their exercise are met and/or for part of the shares for which the corresponding options can be exercised) once with a notification addressed to the Company, within a period of one year which starts from the later date between:

- the third year of the date of the decision of the General Meeting of Shareholders to grant it; and
- the date of the decision of the General Meeting of Shareholders.

Options are considered void if not exercised within the specified period.

The granting of shares under an option validly exercised by the director occurs in one go or in parts within a period of up to five years from the date of exercise of the option. In the presence of extraordinary circumstances, this term can be extended by a decision of the General Meeting of Shareholders for no more than one year.

## 8.2. Annual Bonus

The annual bonus is paid in the amount corresponding to the degree of fulfilment of the relevant components as follows:

60% of the Annual Bonus shall be paid by the Company within one month from the date of approval of the Company's annual consolidated financial statements for the respective reporting period;

40% of the Annual Bonus is paid in equal instalments on an annual basis for a period of 3 years, starting from the date of approval of the Company's annual consolidated financial statements for the respective reporting period.

## 9. Information on the compensation policy in case of contract termination

Upon termination of the contract with a member of the Company's Board of Directors, due to expiration and non-renewal of the mandate for which he was elected, the Company does not owe compensation.

In the event of early termination of the contract with a member of the Board of Directors by the Company without giving a reason, the amount of each compensation payable by the Company, in addition to the compensation due by law (when applicable), is agreed in the contract or in an agreement between the parties, as the maximum total amount of all compensation payable by the Company cannot exceed:

1. the total amount of gross monthly remunerations paid to him up to the time of termination, and in all cases this amount cannot exceed the sum of 12 permanent gross monthly remunerations - for an executive member of the Board of Directors;
2. three gross monthly remunerations – for a non-executive member of the Board of Directors;
3. part of the permanent gross monthly remuneration, proportional to the missed notice period by the Company, applying the maximum values specified in items 1 and 2.

Compensation is not due in case the termination of the contract is due to unsatisfactory results and/or culpable behaviour of the relevant director.

## 10. Information on the period when shares may not be transferred and share options may not be exercised, in case of variable remuneration based on shares

The Scheme provides for the retention of only half of the shares that the Director is entitled to acquire as a result of exercising of options. The restriction applies only to shares acquired after the date on which the Director acquired shares, as a result of which the number of shares acquired becomes greater than or equal to 50% of the number of outstanding shares. Until that time, the Director may freely and without restriction dispose of all his shares, including those acquired under this Scheme.

Within the one-year period, starting from the Commencement Date set the following restrictions apply:

- until the end of the third month, starting from and including the Commencement Date, the Director is not entitled to dispose of such number of shares equal to the difference between the number of acquired shares and 50% of the number of outstanding shares, if the difference is a positive number;
- after the end of the third month until the end of the sixth month, starting from the Commencement Date, the Director is not entitled to dispose of such number of shares equal to the difference between the number of acquired shares and 62.5% of the number of outstanding shares, if the difference is a positive number;
- after the end of the sixth month until the end of the ninth month, starting from the Commencement Date, the Director is not entitled to dispose of such number of shares equal to the difference between the number of acquired shares and 75% of the number of outstanding shares, if the difference is a positive number;
- after the end of the ninth month until the end of the one-year period, starting from the Commencement Date, the Director is not entitled to dispose of such number of shares equal to the difference between the number of acquired shares and 87.5% of the number of outstanding shares, if the difference is a positive number.

December 13, 2022, does not provide for a lock-up period after the actual transfer of the shares.

#### **11. Information on the policy of retaining a certain number of shares until the end of the mandate of the members of the managing and supervisory bodies after expiry of the period in p. 10**

The Remuneration Policy and the Share-based Compensation Scheme of the executive members of the Board of Directors, which is in force as of December 13, 2022, does not provide for retaining a certain number of shares until the end of the mandate. It should be taken into consideration that the period of execution of the Scheme, which concludes on December 31, 2025 covers almost the full mandate of the Board of Directors, which ended on January 5, 2026.

By decision of the General Meeting of Shareholders of June 2, 2025, all members of the Board of Directors were re-elected for a new mandate, effective from January 5, 2026, as follows:

- Dimitar Stoyanov Dimitrov – 5 years;
- Svetlin Iliev Todorov – 3 years;
- Nikolay Angelov Martinov – 3 years;
- Wolfgang Kirsch – 3 years;
- Christoph Vilanek – 3 years.

#### **12. Information on the contracts of the members of the managing and supervisory bodies, including the term of each contract, period of notice on termination and details on compensations and/or other payments due in case of early termination**

The executive members of the Board of Directors perform their functions on the grounds of contracts and a one-month termination notice for Mr. Wolfgang Kirsch and two-month termination notice for Mr. Dimitar Dimitrov. The obligations of the independent members of the Board of Directors start with their entry in the Commercial Register.

All members of the Board of Directors are appointed by the General Meeting of Shareholders without limit to their re-election. In connection with the transformation of the Company from a joint-stock company into a European company with its registered office in the Republic of Bulgaria pursuant to Article 281 et seq. of the Commerce Act and Article 2, para. 4 Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European Company (SE), all members of the Board of Directors have been re-elected as members of the Board of Directors of the Company after the transformation with the same mandate.

Details on compensations and/or other payments due in case of early termination are set in the Remuneration Policy of the Board of Directors.

### 13. Full amount of remuneration and other incentives for the members of the Board of Director for the relevant financial year

The members of the Board of Directors of SHELLY GROUP SE have received the following gross remuneration for 2025.

**Table № 18**

Name	Position	Gross/BGN'000
Dimitar Dimitrov	Executive Director	596
Svetlin Todorov	Member of the Board of Directors	69
Wolfgang Kirsch	Executive Director	596
Christoph Vilanek	Independent member and Chairman of the Board of Directors	243
Nikolay Martinov	Independent member and Deputy-chairman of the Board of Directors	69

During the reporting period the members of the Board of Directors of the Company have not received other incentives in this capacity.

Based on the annual consolidated financial statements for 2025 approved by the General Meeting of Shareholders, the General Meeting of Shareholders will determine the amount of the Annual Bonus that may be paid to the executive directors their results achieved in 2025 in accordance with the Conditions for the Payment of Variable Remuneration of June 2, 2025 and the rules provided therein. Also, considering the conditions and applying the rules set out in the Scheme for granting executive members of the Board of Directors compensation in shares, the General Meeting of Shareholders evaluates each Director who has been granted a package of options under this Scheme, for which of the granted options the conditions for their exercise have been met in accordance with the results achieved by the Company and by the respective Director during the period 2022-2025.

Based on the approved by the General Meeting Share-based Compensation Scheme for the executive members of the Board of Directors for the period 2022 – 2025, the executive members Mr. Dimitar Dimitrov and Mr. Wolfgang Kirsch may receive a remuneration in shares in the form of package of conditional options, as indicated in p. 2 of this Remuneration report.

During the reported financial year, part of the members of the Board of Directors received remuneration from subsidiaries for other functions performed in these companies under employment or other employment relations, as follows:

**Table № 19**

Full name	Gross/BGN'000
Dimitar Stoyanov Dimitrov	239
Svetlin Iliev Todorov	331
Wolfgang Kirsch	54

The amounts indicated include main and additional remuneration paid by subsidiaries until the date of adoption of the Conditions for Granting Annual Bonus. In accordance with Art. 28, para. 2 of the Remuneration Policy the total amount of all variable cash remuneration, including the accrued Annual Bonus, for each of the executive members does not exceed the gross amount of EUR 300,000 per year.

**14. Information on the remuneration of persons who have been members of a management or supervisory body of a public company for a specified period during the reported financial year:**

**a) the full amount of the person's remuneration paid and/or accrued for the reported financial year**

The members of the Board of Directors of SHELLY GROUP SE have received in their capacity remuneration in 2025, paid by SHELLY GROUP SE, as indicated in p. 13, Table 18 above.

During the reporting period the members of the Board of Directors of the Company have not received non-cash remuneration. The Company does not have contingent or deferred payables arising during the year, even if the remuneration is due at a later stage. The granting and payment of additional variable remuneration is subject to a decision of the General Meeting of Shareholders, based on approved audited annual consolidated financial statements. As of December 31, 2025, SHELLY GROUP SE has no amounts due for pensions and compensation upon retirement to the members of the Board of Directors.

During the reported period the members of the Board of Directors of the Company received remuneration for their positions in subsidiaries.

**b) remuneration and other cash and non-cash incentives received by the person from other companies in the group;**

During the reported financial year part of the members of the Board of Directors received from subsidiaries remuneration for other functions performed in these companies under employment contracts or other employment relations, as indicated in p. 13, Table 19 above.

**c) remuneration received by the person in the form of profit distribution and/ or bonuses and grounds for their payment**

In the reported period, none of the members of the Board of Directors of SHELLY GROUP SE received remuneration from the Company in the form of profit distribution and/or other bonuses, except the conditional remuneration in shares, as indicated in p. 2 of this Remuneration report.

**d) All additional payments for services provided by the person outside his usual functions, where such payments are eligible under his contract**

The contracts with the members of the Board of Directors of SHELLY GROUP SE provide for no additional payments for services provided by them outside their usual functions.

**e) compensation paid and/ or accrued on termination of his functions during the last financial year**

During the reported period, no compensation was paid for the dismissal of members of the Board of Directors.

**f) overall assessment of all non-cash benefits equivalent to remuneration other than those referred to in clauses “a”- “e”**

In the reported period none of the members of the Board of Directors of SHELLY GROUP SE received non-cash remuneration in addition to those specified in clauses (a) to (e).

**g) information on all loans granted, payments for social and household expenses and guarantees from the Company or its subsidiaries or other companies that are subject to consolidation in its annual financial statements, including data on the outstanding balance and interest**

In the reported period, there are no loans, payments for social and household expenses and guarantees provided by the Company or its subsidiaries or other companies to any of the members of the Board of Directors of SHELLY GROUP SE, that are subject to consolidation in its annual financial statements.

Remuneration paid by subsidiaries to the Executive Director Wolfgang Kirsch (table 19) at the amount of BGN 54 thousand income in accordance with the laws of the Republic of Germany related to the right to use a company car.

**15. Information regarding shares and/or share options and/or other share-based compensation schemes:**

By decision of the General Meeting of Shareholders dated December 13, 2022 the executive directors Mr. Dimitar Dimitrov and Mr. Wolfgang Kirsch have been granted remuneration in shares in the form of package of conditional options as indicated in p. 2 of this Remuneration report.

The variable remuneration in the form of packages of conditional options refers to ordinary registered dematerialized shares of the capital of SHELLY GROUP SE (stock exchange code SLYG, ISIN BG1100003166), with voting rights, with nominal value of BGN 1 each. After their transfer no privileges or limitations are provided for the rights incorporated therein except those described above in this Remuneration Report. The shares are traded simultaneously on the Bulgarian Stock Exchange and the Frankfurt Stock Exchange.

**16. Annual change in the remuneration, the results of the company and the average amount of remuneration on the basis of full-time work of company employees, who are not directors, during at least five previous financial years is as follows**

Annual change in the remuneration, Company results and the average amount of remuneration based on full-time work of Company employees who are not directors, during at least five previous financial years, is as follows:

**Table № 20**

	2019	2020	2021	2022	2023	2024	2025
<b><u>Change in the remuneration</u></b>							
Number of employees, excluding BoD members	4	4	4	5	5	4	4
Salary expense, incl. social security contributions, BGN	374,100	245,627	298,929	372,484	464,697	419,130	424,662
annual % change	62.30%	-34.30%	21.70%	24.61%	24.76%	-9.81%	1.32%
Average annual remuneration/employee, BGN	93,525	61,407	74,732	74,497	92,939	104,783	106,166
<b><u>Company results</u></b>							

Total revenue (incl. financial), BGN'000	9,598	3,632	5,365	4,177	11,285	6,158	100,373
Net profit on individual basis, BGN'000	4,483	2,330	3,270	1,058	7,852	1,984	80,887
Salary Expense as % of the revenue	4%	7%	6%	9%	4%	7%	0.4%

In 2025 there is a slight increase of expenses for salaries of employees, which is due to annual indexation. However, salary costs as a percentage of revenue decreased significantly, which is due to significantly higher revenue from dividends in 2025 compared to 2024. Salary costs increased by an average of about 4.7% per annum in the period 2019 – 2025. The decrease in 2020 compared to 2019 was due to bonuses paid in connection with the successfully completed transaction for the sale of 5 subsidiaries.

#### **17. Information on exercising the possibility to demand a refund of paid variable remuneration**

According to the current Remuneration Policy, there is no provision for refund of payment of variable remuneration.

#### **18. Information on all deviations from the procedure for the implementation of the Remuneration Policy in connection with extraordinary circumstances under Art.11, para.13, including an explanation of the nature of the extraordinary circumstances and identification of the specific components that have not been implemented**

In the reported period there were no extraordinary circumstances where the Company temporarily suspended the implementation of the Remuneration Policy.

#### **19. Information on the implementation of the Remuneration Policy for the members of the Board of Directors of SHELLY GROUP SE for the next financial year**

By decision of the General Meeting of Shareholders dated December 18, 2023, an amendment to the Remuneration Policy was adopted, effective as of January 1, 2024. According to the decision of the General Meeting of Shareholders of October 14, 2024, the Remuneration Policy is in force and continues to be applied after the transformation of the Company into a European company (Societas Europae) with its registered office in the Republic of Bulgaria pursuant to Article 281 et seq. of the Commerce Act and Article 2, para 4 of the Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the Statute for a European Company (SE), with relevant technical amendments reflecting the changes in the name and other data of the European company. The current Policy is available on the Company's official website. The remuneration policy was last amended and updated by a decision of the General Meeting of Shareholders dated June 2, 2025.

If necessary, the Board of Directors may propose a change and/or addition to the Remuneration Policy in force.

SHELLY GROUP SE:

.....

Dimitar Dimitrov

/Executive Member of the Board of Directors/

## **CORPORATE GOVERNANCE DECLARATION OF SHELLY GROUP SE**

**in accordance with the provisions of  
art. 100n, para. 8 of the Public Offering of Securities Act  
for the period 01.01.2025 – 31.12.2025**

*This Corporate Governance Declaration of Shelly Group SE (the “Company”) has been prepared in accordance with the requirements of art. 100n, para. 8 of the Public Offering of Securities Act (POSA) and applies to the period 01.01.2025 - 31.12.2025 (“reporting period”)*

### **1. Corporate Governance**

#### **1.1. Information whether SHELLY GROUP SE complies, as appropriate, with the Corporate Governance Code, approved by the Deputy Chairman, or another corporate governance code**

SHELLY GROUP SE and its management comply, as appropriate, with the National Corporate Governance Code. Some of the recommendations of the National Code are not yet fully implemented by the corporate management of the Company, but the Board of Directors is committed to continue to bring the activities of SHELLY GROUP SE in line with them in 2026.

SHELLY GROUP SE does not implement other corporate governance practices in addition to the National Corporate Governance Code.

#### **1.2. Explanation by SHELLY GROUP SE which parts of the National Corporate Governance Code are not observed and what are the reasons for this**

During the reporting period, the activities of the Board of Directors of SHELLY GROUP SE were carried out in full compliance with the regulatory requirements set out in the Public Offering of Securities Act and the acts on its implementation, and the Statute of the Company. The corporate management of SHELLY GROUP SE considers that there are still parts of the National Corporate Governance Code that the Company does not comply with, but in the following reporting period the management will continue to perform all necessary legal and factual actions to bring the activities in line with the principles and recommendations of the Code, as well as best practices in the field of corporate governance.

The Code is applied on the basis of the “**comply or explain**” principle. This means that the Company complies with the Code, and in case of deviation, its management clarifies the reasons.

### **I. Chapter One – Corporate management**

SHELLY GROUP SE is a Company with a one-tier management system and is managed by a Board of Directors.

#### **1. Functions and obligations**

1.1 The Board of Directors steers and controls independently and responsibly the activities of the Company in accordance with the established vision, goals, strategies of the Company and the interests of shareholders and stakeholders. The vision, goals, and strategies reflect the economic, social, and environmental priorities of the Company.

1.2 The Board of Directors monitors the results of the Company’s activities on a quarterly and annual basis and, if necessary, initiates change in the management of the activities.

- 1.3 The Board of Directors treats all shareholders equally, acts in their interest and with due diligence.
- 1.4 The members of the Board of Directors are guided in their activities by the generally accepted principles of integrity and managerial and professional competence. The Board of Directors has not adopted a Code of Ethics.
- 1.5 In performing its functions, the Board of Directors strives to follow the economic, social and environmental priorities of the Company. The members of the Board of Directors have general knowledge of the climate impact on the development of the Company and are committed to promoting the Company's priorities in the field of sustainability and climate change. Obtaining and upgrading this knowledge is their ongoing commitment. In the beginning of 2026, the Board of Directors adopted internal acts related to sustainable development as part of the ESG strategy of the Company and its goals up to 2030. Some of the subsidiaries also have developed similar policies.
- 1.6 The Board of Directors has ensured and oversees the establishment and functioning of a risk management system, including risks related to cyber security, value chain, as well as an internal control system. Regarding climate risks, the Board of Directors has initiated a process to establish internal policies and systems. The Board of Directors promotes the implementation and observes compliance by the subsidiaries with the adopted principles for sustainable development at the group level. It assists in promoting a culture of sustainable development through a series of internal trainings for the employees of the group companies.
- 1.7 The Board of Directors has ensured and controls the integrated operation of the accounting and financial reporting systems.
- 1.8 The Board of Directors provides guidelines, approves and controls the implementation of the Company's business plan, substantial transactions, as well as other activities stipulated in its statutes.
- 1.9 In accordance with the requirements of the Public Offering of Securities Act, the Board of Directors monitors all substantial transactions and approves them. If there are transactions, which individually or collectively exceed the thresholds specified in Art. 114, para. 1 of the Public Offering of Securities Act, the Board of Directors prepares a motivated report and adopts a decision to convene a General Meeting of Shareholders, at which the shareholders authorize it to carry out these transactions. The Board of Directors reports on its activities to the General Meeting of Shareholders, submitting the annual activity report and the Report on the Implementation of the Remuneration Policy for approval by the shareholders.

## **2. Election and dismissal of members of the Board of Directors**

- 2.1. The General Meeting of Shareholders elects and dismisses the members of the Board of Directors in accordance with the law and the Statutes of the Company, as well as in accordance with the principles of continuity and sustainability of the work of the Board of Directors.
- 2.2. In case of proposals for election of new members of the Board of Directors, the principles of compliance of the candidates' competence with the nature of the National Corporate Governance Code in the activity of the Company are observed. All members of the Board of Directors meet the legal requirements for holding office. The functions and obligations of the corporate management, as well as its structure and competence are in accordance with the requirements of the Code.

- 2.3. The contracts for assignment of the management, concluded with the members of the Board of Directors, define their obligations and tasks, the criteria for the amount of their remuneration, their obligations for loyalty to the Company and the grounds for dismissal. During the reporting financial year, SHELLY GROUP SE implemented the Remuneration Policy of the members of the Board of Directors, adopted by the Annual General Meeting of Shareholders of SHELLY GROUP SE, last modified through decision of the General Meeting of Shareholders dated June 2, 2025. The remuneration of the members of the Board of Directors and information on its amount is duly disclosed in the activity report of the Board of Directors, as well as in the Report on the Implementation of the Remuneration Policy of the members of the Board of Directors, which are an integral part of the annual financial statements of the Company.
- 2.4. The performance of the members of the Board of Directors is subject to annual assessment by the General Meeting of Shareholders, which adopts the Company's annual report on the activities and the annual financial statements. The Remuneration Policy provides for various options for assessing the performance of each member of the Board of Directors in the long and short term through additional variable remuneration. At present this assessment tool is used only in relation to the performance of the executive members of the Board of Directors in the long term through the Share-based Remuneration Scheme with a vesting period from 2022 to 2025 inclusive, in the short term – through the conditions for granting additional variable remuneration based on annual results of the Company for 2025.

### **3. Structure and competence**

- 3.1. The number of members and the structure of the Board of Directors are determined in the Statutes of the Company.
- 3.2. The composition of the Board of Directors is structured in a way that guarantees professionalism, impartiality and independence of its decisions in relation to the Company's management. The functions and obligations of the corporate management, as well as its structure and competence are in compliance with the requirements of the Code.
- 3.3. The Board of Directors ensures the proper allocation of tasks and responsibilities among its members. The independent members of the Board of Directors of SHELLY GROUP SE control the actions of the executive management and participate effectively in the Company's operations in accordance with the interests and rights of the shareholders. The Chairperson of the Board of Directors is an independent director.
- 3.4. The competencies, rights and obligations of the members of the Board of Directors follow the requirements of the law, the statutes and the standards of good professional and managerial practice. The members of the Board of Directors have the appropriate knowledge and experience required by the position they hold. Information about their professional qualification and experience is disclosed during the election of the members of the Board of Directors with the materials for the General Meeting of the Shareholders. After the election of new members of the Board of Directors, they get acquainted with the main legal and financial issues related to the Company's activities. Improving the qualifications of the members of the Board of Directors is their constant commitment.
- 3.5. The members of the Board of Directors have the necessary time to perform their tasks and duties, even though the statutes of the Company do not determine the number of companies in which the members of the Board of Directors may hold managerial positions. This circumstance is taken into account in the proposals and election of new members of the Board of Directors.

- 3.6. The election of the members of the Board of Directors of the Company is performed by means of a transparent procedure, which provides, among other things, timely and sufficient information about the personal and professional qualities of the candidates for members. As part of the materials for the General Meeting, at which the election of a new member of the Board of Directors is proposed, all declarations required by POSA and the Commercial Act, a criminal record certificate and a professional biography of the candidate for elected position are to be submitted. When electing members of the Board of Directors, the candidates confirm with a declaration or in person to the shareholders the accuracy of the submitted data and information. The election procedure is conducted by show of hands and counting the votes “For”, “Against” and “Abstentions”. The voting results are announced through the minutes of the General Meeting of Shareholders. The statutes of the Company do not provide for a limit on the number of consecutive mandates of the independent members, but this circumstance is observed in the proposal for election of independent members. Although formally the number of consecutive mandates of independent members of the Board of Directors is not limited, these members are replaced on average every 3 years. This ensures the effective operation of the Company and compliance with legal requirements.
- 3.7. The selection of members of the Board of Directors is based on a comparative assessment of the qualifications of each candidate and contains clear and objective criteria that are applied in a non-discriminatory manner.
- 3.8. As of the end of the reporting period the Company falls within the scope of Art. 3, item 1 of Directive (EU) 2022/2381 of the European Parliament and of the Council on improving the gender balance among directors of listed companies and related measures. Since the Company has met the criteria under Article 2 of the Directive for the first time during the reporting year, the Company does not follow a formal procedure during that period in relation to measures for achieving gender balance and such procedure is not published on the Company’s website. The Company will take the necessary measures in accordance with the implementation of Directive (EU) 2022/2381 into national law.
- 3.9. Since on a separate basis Since the Company has met the criteria under Article 2 of the Directive for the first time during the reporting year and the national legislation does not provide such requirement for the corporate management of the Company, the Company does not currently apply a policy to ensure balanced representation in the composition of the Board of Directors. The Company will take the necessary measures in accordance with the implementation of Directive (EU) 2022/2381 into national law.

#### **4. Remuneration**

- 4.1. The Board of Directors has developed a clear and specific policy for the remuneration of the members of the Board of Directors, which was approved by the Annual General Meeting of Shareholders of SHELLY GROUP SE and sets the principles for forming the amount and structure of the remuneration. The remuneration of the Executive Member of the Board of Directors consists of a basic remuneration and additional incentives. The additional incentives are subject to clear and specific criteria and indicators regarding the Company’s results and/or the achievement of targets set in the Share-Based Remuneration Scheme for executive members of the Board of Directors.
- 4.1. In accordance with the legal requirements and the good practice of corporate governance, the amount and structure of the remuneration, according to the Remuneration Policy adopted by the General Meeting of Shareholders, take into account:
- The duties and contribution of each member of the Board of Directors in the Company’s activities and results;
  - The ability to select and retain qualified and loyal members of the Board of Directors;
  - The need to match the interests of the members of the Board of Directors and the long-term interests of the Company, as well as its sustainable development.

4.2. The current Remuneration Policy provides for both a fixed and a variable component in the remuneration by decision of the General Meeting of Shareholders.

At present, a variable component in the form of share-based remuneration and an annual bonus is provided solely for the executive members of the Board of Directors in order to directly engage management in achieving the Company's long-term and short-term corporate objectives. The possibility of variable remuneration is not envisaged for non-executive members of the Board of Directors. Additional remuneration, the criteria for its provision, and its amounts are determined based on rules and procedures approved by the General Meeting of Shareholders, according to the Share-Based Variable Remuneration Scheme approved by the General Meeting of Shareholders by a decision dated December 13, 2022 and effective until December 31, 2025, and the Terms for Payment of the Annual Bonus to the Executive Members of the Board of Directors of "Shelly Group" SE for 2025.

4.4. The independent members of the Board of Directors receive remuneration in accordance with the principles for forming the amount and the structure of remuneration, set out in the Remuneration Policy adopted by the General Meeting of Shareholders.

4.5. The General Meeting of Shareholders of the Company has not voted for additional remuneration in the form of bonuses to the members of the Board of Directors depending on the realized financial results of the Company, but such an opportunity is provided for in the Remuneration Policy based on criteria additionally adopted by the General Meeting of Shareholders.

4.6 As mentioned above, the disclosure of information on the remuneration of the Board of Directors members is done in accordance with the legal norms and the statutes of the Company - by disclosing in the Annual Report on the Activity and the Report on the Implementation of the Remuneration Policy for the members of the Board of Directors. The Remuneration Policy is published on the Company's website. In this way, the shareholders have easy access to the policy observed by the Company regarding the basic and additional remuneration for the members of the Board of Directors.

## **5. Conflict of interest**

5.1. The members of the Board of Directors avoid and do not allow real or potential conflicts of interest. During the reporting period, no transactions have been concluded between the Company and members of the Board of Directors or persons related to them.

5.2. Requirements regarding the avoidance and disclosure of conflicts of interest are regulated in the Statute of the Company and the Rules of Procedure of the Board of Directors.

5.3. The members of the Board of Directors immediately disclose conflicts of interest and provide the shareholders with access to information on transactions between the Company and members of the Board of Directors or persons related to them by presenting the declaration under Art. 114b of the Public Offering of Securities Act.

5.4. The Board of Directors has not established a specific procedure for avoiding conflicts of interest in transactions with interested parties and disclosing information in the event of such, but controls the conclusion of significant transactions through voting and approval of such transactions. The Board of Directors strictly applies the rules of the Public Offering of Securities Act.

## **6. Committees**

6.1. In compliance with the requirements of the effective legislation and based on the criteria it determines, the Board of Directors annually proposes to the General Meeting of Shareholders to appoint an audit committee with a composition that meets the specific needs of the Company.

6.2. The Audit Committee carries out its activities in accordance with the legal requirements and the Charter of the Audit Committee, which determines the structure, scope of tasks, mode of operation and reporting procedures of the committee.

**Sections 7 to 16 inclusive of Chapter One “Corporate Governance” are not applicable to the Company given its one-tier management system.**

## **II. Chapter Two – Audit and internal control**

17. The Board of Directors is assisted by an Audit Committee.
18. The Board of Directors and the Audit Committee ensure compliance with the applicable law regarding the independent financial audit.
19. When selecting an external auditor, the requirements of the Independent Financial Audit and Assurance of Sustainability Reporting Act shall apply.
20. The Audit Committee supervises the activities and monitors the overall relationship with the external auditor, including the nature of non-audit services provided by the Company's auditor, if any.
21. The Company has established and operates an internal control system, which includes identifying the risks associated with the Company's activities and supporting their effective management. It also ensures the effective functioning of the accountability and information disclosure systems.

## **III. Chapter Three - Protection of shareholders' rights**

22. The Board of Directors ensures equal treatment of all shareholders, including minority and foreign shareholders, protects their rights and facilitates exercising them within the scope permitted by the applicable law and in accordance with the provisions of the Company's statutes.

### **23. General Meetings of Shareholders**

- 23.1. In the reporting period, the Company held one regular General Meetings of Shareholders, complying with all the requirements of Art. 115 et seq. of the POSA, announcing the decision for its convention and publishing the invitation together with the materials thereto in the manner specified by the law. The shareholders were guaranteed the opportunity to add new items to the agenda under Art. 223a of the Commercial Act. The Statutes of the Company provide for the invitation to the General Meeting to contain the information required under the Commercial Act and POSA, as well as additional information on exercising the right to vote and the possibility to add new items to the agenda under Art. 223a of the CA.
- 23.2. The corporate management ensures that all shareholders are informed about their rights through the information publishing system and the Company's website, the announced Statutes of the Company and invitations for each General Meeting of Shareholders together with the materials to it.

All shareholders are informed about the rules according to which General Meetings of Shareholders are convened and held, including the voting procedures, through the Statute of the Company and invitations for each General Meeting of Shareholders.

The Board of Directors provides sufficient and timely information on the date and place of the General Meeting, as well as complete information on the issues to be discussed and resolved at the Meeting.

The invitation and materials for the General Meeting of Shareholders are announced to the public through the selected media agencies, the Financial Supervision Commission and the regulated securities market. After presenting the invitation and the materials for the General Meeting of Shareholders, they are also made available on the Company's website.

The Company's management maintains a database with contact information of its shareholders owning 5% or more of the Company's capital, allowing direct messages to be sent to them or to a person designated by them, when necessary.

23.3. The Company's corporate management ensures that all shareholders are able to express their opinion and ask questions during the General Meeting.

Shareholders with voting rights have the opportunity to exercise their voting rights at the General Meeting of the Company in person or through representatives and voting by correspondence might be allowed for a specific General Meeting of the Shareholders.

- i. As part of the materials for the General Meeting of Shareholders, the Board of Directors provides a sample power of attorney. The Company indicates the Rules for voting by proxy and the Rules for voting by correspondence (when applicable) in the content of the invitation or as a separate document - part of the materials to it.
- ii. The Board of Directors has undertaken all necessary actions to bring the Company's activities in line with the recommendations of the Code.
- iii. The Statutes of the Company allow exercising the right to vote by electronic means and/or by correspondence by decision and rules determined by the Board of Directors in the invitation to convene a General Meeting.
- iv. The Board of Directors exercises effective control by creating the necessary organization for the voting of the authorized persons in accordance with the instructions of the shareholders and in the ways permitted by law. The Board of Directors appoints a mandate commission, which registers the shareholders for each General Meeting and proposes to the General Meeting to appoint a Chairperson, Secretary and Vote Tellers. The management of the General Meeting strictly monitors the lawful conduct of the General Meeting, including the manner of voting of the authorized persons. When differences are noticed in the will of the principal and the vote of the authorized person, this circumstance is entered in the minutes and the will of the principal is taken into account accordingly.
- v. The Board of Directors has not developed and adopted a specific policy for organizing and conducting regular and extraordinary General Meetings of the Shareholders of the Company, strictly applying the rules provided in the Public Offering of Securities Act, the Commercial Act, and the Company's Statute. In organizing and conducting General Meetings of Shareholders, the Board of Directors ensures compliance with the principles of equal treatment of all shareholders and the right of each shareholder to express their opinion on the items on the agenda of the General Meeting. For the materials for convening general meetings, the Board of Directors prepares Rules for Voting by Proxy and Rules for Voting by Correspondence (when applicable).
- vi. The Board of Directors organizes the procedures and order for holding the General Meeting of Shareholders in a way that does not complicate or increase the cost of voting unnecessarily.
- vii. The Board of Directors encourages the participation of shareholders in the General Meeting of Shareholders but has not provided the opportunity for remote presence through technical means (including the Internet), due to the lack of economic grounds for such a method of participation in the General Meeting.
- viii. Insofar as the members of the Company's Board of Directors spend most of their time outside the country, it is not always possible to ensure the presence of all of them at the General Meetings of Shareholders, but some of them, including at least one executive director, are present at the General Meetings of the Company's shareholders.

#### 23.4. Materials for the General Meeting of Shareholders

- i. The texts in the written materials related to the agenda of the General Meeting are specific and clear and do not mislead the shareholders. All proposals regarding major corporate events are presented as separate items on the agenda of the General Meeting, incl. the profit distribution proposal.
- ii. The Company maintains a special section on its website regarding the rights of shareholders and their participation in the General Meeting of Shareholders.
- iii. The Board of Directors assists the shareholders entitled under the current legislation to include additional items and to propose resolutions for items already included on the agenda of the General Meeting, by performing all necessary legal and factual actions to announce the additional items added to the agenda of the already convened General Meeting.

23.5. The Board of Directors ensures the right of the shareholders to be informed about the decisions taken by the General Meeting of Shareholders by announcing the Minutes of the General Meeting of Shareholders through the selected media agencies.

#### **24. Equal treatment of shareholders of the same class**

- 24.1. According to the Company's Statute, all shareholders of the same class are treated equally, and all shares within one class give equal rights to shareholders of the same class.
- 24.2. The Board of Directors ensures that sufficient information is provided to investors regarding the rights granted by all shares of each class prior to their acquisition through the information published on the Company's website, as well as through interviews and personal meetings with the management and/or the Director of Investor Relations.

#### **25. Consultations between shareholders regarding their basic shareholder rights**

Within the limits set by applicable law and in accordance with the provisions of the Company's Articles of Association, the Board of Directors does not prevent shareholders, including institutional ones, from consulting each other on matters relating to their basic shareholder rights in a manner that prevents abuse.

#### **26. Transactions of shareholders with controlling rights and abusive transactions**

The Board of Directors does not allow transactions with shareholders with controlling rights, which violate the rights and/or legitimate interests of other shareholders, including under the conditions of agreement with themselves. Conducting this type of transactions requires an explicit decision of the Board of Directors and the interested parties are excluded from the voting. In case of indications for crossing the statutory thresholds under Art. 114, para. 1 of POSA, the Board of Directors prepares a motivated report and initiates the convening and holding of a General Meeting of Shareholders, at which the transactions are put to a vote.

### **IV. Chapter Four – Disclosure of information related to sustainable development, financial reporting and other corporate information**

27. The Board of Directors follows an established policy for the disclosure of information (financial and non-financial) in accordance with legal requirements and the Statutes of the Company. At present, the Company has no legal obligation to disclose non-financial information and, based on this, does not perform non-financial reporting, including information related to sustainable development.

28. In accordance with the policy followed by the Board of Directors, the corporate management has created and maintains a system for information disclosure through the systems of [www.x3news.com](http://www.x3news.com) and <https://www.eqg-news.com/>, as well as through the Company's corporate website. The Company's corporate management organizes periodic online meetings with investors and participates in various investor conferences in Bulgaria and abroad.
29. The information disclosure system ensures equality of the addressees of information (shareholders, stakeholders, investment community) and does not allow misuse of inside information.
30. The information disclosure system ensures complete, timely, accurate and understandable information, enabling taking objective and informed decisions and assessments.

The inside information is disclosed in the legally established forms, order and terms through the selected media agencies. The Company uses a single point to disclose information by electronic means, thus the information reaches the public, FSC and the regulated securities market in unmodified form. Information in unmodified form and volume is also published on the Company's website. In this way, the Company's executive management ensures that the information disclosure system provides complete, timely, accurate and understandable information, allowing taking objective and informed decisions and assessments.

31. The Executive Management and the Board of Directors promptly disclose the Company's capital structure and agreements that lead to exercising control in accordance with its disclosure rules. Disclosure is made through the provisions of the Public Offering of Securities Act and the acts for its implementation, as well as the applicable European regulation.  
The Board of Directors ensures, by exercising control with regard to the disclosure of information, that the rules and procedures according to which the acquisition of corporate control and extraordinary transactions such as mergers and sale of significant parts of assets are clearly and timely disclosed.
32. The Board of Directors approves and together with the independent auditor controls internal rules for the preparation of the annual and interim reports and the procedure for disclosure of information.
33. Through the activities of the Investor Relations Director the Board of Directors ensures timely disclosure of any material regulated information regarding the Company, its management, corporate governance, operating activities and shareholder structure.
34. At present, the Company has no legal obligation to disclose non-financial information and, therefore, does not disclose non-financial information, including sustainable development related information, the corporate managements have not established rules that ensure the disclosure of such information on an annual basis. In this regard, at present, the Board of Directors does not include in its annual reports information on how and to what extent the Company's activities can be qualified as environmentally sustainable, such as: what part of its turnover is a result of products and services related to economic activities which are qualified as environmentally sustainable; what part of its capital expenses, where applicable, as well as what part of its operating expenses are related to assets or processes related to economic activities that are qualified as environmentally sustainable. In view of the above, the corporate management does not prepare a separate sustainability report.
35. The Company maintains a website - <https://corporate.shelly.com/> with approved content, scope and frequency of the information disclosed through it. The content of the Company's website fully covers the recommendations of the National Corporate Governance Code. The Company also maintains an English language version of the corporate website with the same content.
36. The Company periodically (on an annual basis) discloses information on corporate governance by annually updating this Corporate Governance Statement as part of the annual financial statements.

37. The Company's Board of Directors believes that its activities in the reporting period created prerequisites for sufficient transparency in its relations with investors, financial media and capital market analysts. Corporate management ensures the disclosure of any significant periodic and ad-hoc information about the Company through channels that provide equal and timely access to relevant information to users. In the reporting period, the Company disclosed all regulated information within the deadlines and in accordance with the procedure provided for in the Public Offering of Securities Act and the acts on its implementation. To the extent that the Company has no obligation for disclosure of non-financial information, the corporate management does not disclose information about the impact of environmental changes on the Company's activities, respectively, about the impact of the Company's activities on environmental changes.

#### **V. Chapter Five – Stakeholders. Sustainable development.**

38. The Board of Directors is committed to the principles of sustainable development, both in its direct operating activities and by identifying material topics and objectives with the approval and implementation of a package of internal acts, policies and procedures.
39. The Board of Directors has undertaken a number of initiatives with regard to its commitment to establishing specific actions and policies related to the Company's sustainable development, including in relation to the climate and the social aspects of its operations. It strives to achieve continuous and consistent progress by making targeted efforts to implement permanent improvements in all aspects of the activities of the companies in the 'Shelly Group' SE: from the design and development of devices and solutions, through communication and stakeholder engagement, to the introduction of best practices for environmental protection and sustainability.
40. The corporate management ensures effective interaction with stakeholders. This category includes certain groups of persons who are directly affected by the Company and who in turn can influence its activities. The Company identifies as stakeholders in relation to its activities based on their degree and spheres of influence, role and relation to its sustainable development.

The Company, through its subsidiaries, regularly communicates with the various groups of stakeholders non-financial information in connection with corporate socially responsible practices established at the Company.

41. In its policy regarding stakeholders, the Company complies with the legal requirements based on the principles of transparency, accountability and business ethics.
42. The Board of Directors ensures that all stakeholders are sufficiently informed about their legally established rights. By the end of the reporting period, corporate management had begun the development and implementation of specific rules for taking into account the interests of stakeholders, based on the principles of accountability, transparency, and predictability.
43. The Board of Directors is committed to establishing specific actions and policies regarding the sustainability of the Company.
44. The Board of Directors maintains effective relations with stakeholders and is prepared to disclose, when necessary in compliance with legal standards and good international practices, non-financial information on economic, social and environmental issues of concern to stakeholders, such as: anti-corruption; dealing with employees, suppliers and customers; the Company's social responsibility; environmental protection and human rights violations.
45. The Board of Directors ensures the right to timely and regular access to relevant, sufficient and reliable information about the Company when stakeholders are involved in the corporate governance process.

**3. Description of the main characteristics of the internal control and risk management systems of SHELLY GROUP SE with regard to the financial reporting process**

When describing the main characteristics of the internal control and risk management systems, the fact that neither POSA nor the National Code for Corporate Governance define an internal control framework for public companies in Bulgaria to follow shall be taken into account. Therefore, for the purposes of fulfilling the Company’s obligations under Art. 100n, para. 8, item 4 of the POSA, in the description of the main characteristics of the system, the framework of the International Auditing Standard 315 was used. General description of the internal control and risk management system, the control environment, the Company’s risk assessment process, the information system and related business processes essential for financial reporting and communication, as well as the ongoing monitoring of controls are listed in item 15.15 of the Report on the Activity.

**4. Information under Article 10, para. 1, letters “c”, “d”, “f”, “h” and “I” of Directive 2004/25/EC of the European Parliament and of the Council of April 21, 2004 on takeover bids**

**4.1. Information under Article 10, para. 1, letters “c” of Directive 2004/25/EC of the European Parliament and of the Council of April 21, 2004. on takeover bids - significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC**

As at the end of the reporting period, the shareholders holding 5 percent or more of the capital, as well as voting rights in the Company's General Meeting, are:

**Table № 21**

NAME OF SHAREHOLDER	PERCENT OF THE CAPITAL
Svetlin Todorov	27.79%
Dimitar Dimitrov	28.84%
Other individuals and legal entities	43.37%

The Company has no other shareholders who directly or indirectly own 5 percent or more of the voting rights in the General Meeting.

**44.2. Information under Article 10, paragraph 1, letters “d” of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids - the holders of all securities with special control rights and a description of these rights**

SHELLY GROUP SE has no shareholders with special control rights.

**4.3. Information under Article 10, para. 1, letters “f” of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids - any restrictions on voting rights, such as restricting the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the Company’s cooperation, the financial rights attaching to securities are separated from the holding of securities**

There are no restrictions on the voting rights of the shareholders of SHELLY GROUP SE. To participate in the General Meeting, shareholders must be identified with the documents provided for in the law, the Articles of Association and the invitation to the General Meeting, certifying their identity and representative authority, and be registered by a mandate commission in the list of attending shareholders prior to the starting time of the General Meeting.

**4.4. Information under Article 10, para. 1, letters “h” of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids - the rules governing the appointment and replacement of the members of the Board of Directors and the amendments of the Articles of Association**

Pursuant to the provisions of the Company’s Articles of Association, the General Meeting of Shareholders determines the number, elects and dismisses the members of the Board of Directors and determines their remuneration.

Pursuant to Art. 25, para. 1 of the Company’s Articles of Association, the Board of Directors’ mandate is determined by the General Assembly, but it cannot be longer than 5 years and no restrictions are provided for the re-election of all or individual members of it for a new term.

The General Meeting of Shareholders may at any time decide to make changes in the number and composition of the Board of Directors, and the members of the Board may be re-elected without limitation. A member of the Board of Directors can be any individual or legal entity that meets the requirements of the law and has the necessary professional qualifications related to the Company's activities.

**4.5. Information under Article 10(1)(i) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids - powers of the members of the Board of Directors, and the right to issue or repurchase shares in particular**

The Board of Directors of SHELLY GROUP SE has the following powers:

Discusses and resolves all issues, except those that are within the exclusive competence of the General Meeting of Shareholders, explicitly related, but not limited to:

- (i) plans and programs for the Company’s activities;
- (ii) organizational structure of the Company;
- (iii) participation in tenders and competitions;
- (iv) adopts the rules for the Board of Directors’ activities, as well as changes to these rules;
- (v) election and dismissal of its Executive Members;
- (vi) acquisition by the Company of interests in other companies;
- (vii) opening and closing branches of the Company in the country and abroad;
- (viii) acquisition and disposal of real estate and limited real estate rights owned by the Company;
- (ix) establish a mortgage on Company’s real estate or a pledge on fixed tangible assets of the Company;
- (x) granting loans to non-related third parties, providing guarantees, taking out guarantees and providing collaterals for obligations of non-related third parties, signing bank credit agreements for amounts (excluding interest and expenses) exceeding 3% (three percent) the amount of the Company’s consolidated revenues reported in the last audited annual financial statements of the Company;
- (xi) operating or finance lease contracts for amounts exceeding BGN 250,000 (excluding interest and expenses due) signed by the Company;
- (xii) disposal of intellectual property rights, including the acquisition, sale and assignment of licenses to use patents, know-how and other intellectual property rights (except for intellectual property rights granted to third parties with regard to the provision of products and services of end users, within the Company's scope of activity);

- (xiii) determining the conditions for the appointment and acceptance of financial incentive programs on an annual basis for key management personnel of the Company's subsidiaries, namely executive directors, procurators and managers of the Company's subsidiaries;
- (xiv) to constitute and reconstitute the Advisory Board, to make decisions on all issues concerning the Advisory Board, except those previously determined by these Articles of Association or by a decision of the General Meeting of Shareholders, including, but not limited to: determining the numerical and personal composition of the Advisory Board with the right to appoint and dismiss its members at its discretion, the term of its existence, the remuneration and tenure of its members, to adopt, amend, revoke and monitor the implementation of all and any documents relating to the Advisory Council, including Rules of the Advisory Council's functions.

The Board of Directors makes decisions for and authorises the individuals who manage and/or represent the Company in making transactions with interested parties under Art. 114, para. 2 of the POSA, for which no prior authorisation by the General Meeting of Shareholders is required.

With regard to the transformation into a Societas Europaea, by Decision dated October 14, 2024 the General Meeting of Shareholders adopted a new Articles of Association of the Company. According to Art. 7, para. 9 of the latter, within five years from the Articles of Association's effective date, the Board of Directors has the right to make decisions to increase the Company's capital using any of the provided in para. 1 methods, with the exception of converting part of the profit into capital until reaching a total nominal amount of BGN 25 million (twenty-five million Bulgarian leva) through the issuance and public offering of new dematerialized, ordinary, registered voting shares with a nominal value of BGN 1 (one) each and an issue value for one share determined by an explicit decision of the Company's Board of Directors.

In accordance with Article 196, para. 1 of the Commerce Act an increase of the capital by the Board of Directors can be made without an explicit approval by the General Meeting of Shareholders for each increase but entirely based on its powers granted by the current Articles of Association. Within the limits specified above, the Board of Directors also has the right to make decisions on the issuance of warrants and convertible bonds, in which case the rules of this provision shall apply accordingly.

The Company may acquire more than 3% of its own voting shares in one calendar year in cases of capital reduction through invalidation of shares and repurchase only under the terms and conditions of a tender offer under Article 149b of the Public Offering of Securities Act. In this case, the requirements regarding ownership of at least 5% of the voting shares and the minimum amount of repurchase of more than 1/3 of the voting shares do not apply. The Company is obliged to notify the Financial Supervision Commission and the public of the number of its own shares that it will repurchase within the limit under Article 111, paragraph 5 of the Public Offering of Securities Act, as well as of the investment intermediary engaged with the repurchase. The notification should be made no later than the end of the business day preceding the day of the repurchase.

The Company can repurchase own shares without making a tender offer when acquiring in one calendar year no more than 3 percent of own voting shares by decision of the General Meeting of Shareholders including for the purposes of implementing incentive bonus programs for employees within its economic group with shares from the capital and schemes for providing variable remuneration to the executive members of the Board of Directors in shares, in accordance with the remuneration policy for the members of the Company's Board of Directors. The decision of the General Meeting of Shareholders on the repurchase of shares is taken by a majority of the capital represented at the meeting.

The Company shall notify the Financial Supervision Commission and the public pursuant to Article 100t, para. 3 and 4 of the Public Offering of Securities Act, as well as the regulated market, of the number of repurchased own shares no later than the end of the business day following the day of repurchase. In cases of acquisition or transfer by the Company of own shares directly or through a third party acting on its own behalf but at the expense of the Company, the Company shall be obliged to disclose information on the number of votes attached to these shares, under the terms and conditions of the Public Offering of Securities Act within the legally established deadlines, when their number reaches, exceeds or falls below 5 or 10 percent of the voting rights. Voting rights are calculated based on the total number of voting shares.

## **5. Members and functions of the administrative, management and supervisory bodies of SHELLY GROUP SE and their committees**

SHELLY GROUP SE has a one-tier management system. The Company is managed and represented by a Board of Directors, which, as of the date of preparation of this Declaration, has the following members, according to a decision of the General Meeting of Shareholders held on June 2, 2025 and all members are re-elected for a new term, effective from January 5, 2026:

- Dimitar Stoyanov Dimitrov – 5 years;
- Svetlin Iliev Todorov – 3 years;
- Nikolay Angelov Martinov – 3 years;
- Wolfgang Kirsch – 3 years
- Christof Vilanek – 3 years

The Board of Directors of SHELLY GROUP SE elects the Chairperson and a Deputy Chairperson from its members. The Board of Directors holds regular meetings at least once every three months to discuss the position and development of the Company. Each member of the Board of Directors may request the Chairperson to call a meeting to discuss specific issues.

Decisions of the Board of Directors are made by a majority of more than half of all members of the Board of Directors. A quorum at the meetings of the Board of Directors is present if the number of members present at the meeting is sufficient to make decisions on the issues of the agenda. In the event that a quorum is not available for any of the issues requiring a qualified majority, the lack of quorum is noted in the minutes and this issue is not considered at the meeting.

The Board of Directors can make decisions in absentia.

### **Committees:**

The Company has an audit committee elected by the Annual General Meeting of Shareholders consisting of: Anelia Petkova Angelova - Tumbeva, Albena Benkova Beneva and Marian Nikolov. The Audit Committee performs its functions in accordance with the Articles of Association adopted by the Annual General Meeting of Shareholders and the requirements of the Independent Financial Audit and Assurance of Sustainability Reporting Act.

The Company's Articles of Association provide for the possibility of establishing an Advisory Board by decision of the Board of Directors. The Advisory Board is a collective advisory body that assists the members of the Board of Directors and the senior management of the Company, based on the expertise of each of its members and according to the goals set by the Board of Directors during its constitution, to prepare and provide strategic guidelines and programs for development of the Company:

- (i) to monitor the activity and results of the Company's activity, prepare reports and make suggestions for improvement of some aspects of its activity;

- (ii) to provide information regarding current developments and trends in the business sector in which the Company operates;
- (iii) to provide information on innovative practices, as well as to recommend and develop programs for the implementation of such practices in the Company's activities;
- (iv) to propose improvements regarding the products and/or services offered by the Company, as well as development of new ones;
- (v) to propose strategies to improve the Company's positions on the current markets in which it operates, to explore opportunities to access new markets, as well as to implement new market mechanisms;
- (vi) to perform any other activity assigned to him by the Board of Directors, which is in the interest of the Company's development.

The Advisory Board explicitly will not and cannot be assigned any management, supervisory or control functions. The members of the Advisory Board have the right to access information belonging to the Company in a volume determined by the Board of Directors and subject to compliance with the requirements for handling such information no less restrictive than the requirements applicable to the members of the Board of Directors.

As of 31.12.2025 there is no Advisory Board in the Company.

**6. Description of the diversity policy applied to the administrative, management and supervisory bodies of SHELLY SE with regard to aspects such as age, gender or education and professional experience, the objectives of this diversity policy, the application approach and the results from the reporting period; where no such policy applies, the declaration shall contain an explanation as to why**

The Company has not developed a special diversity policy regarding the administrative, management and supervisory bodies of the Company related to aspects such as age, gender or education and professional experience, as it falls under the exceptions of Art. 100n, para. 12 of the Public offering of securities Act (POSA).

However, there are long-established practices that can be classified as diversity policy relating to the management bodies with regard to aspects such as age, gender or education and professional experience.

In essence, these practices form the Company's diversity policy of the management bodies in relation to aspects such as age, gender, education and professional experience.

Adopted practices require that the Company implements a balanced policy for nominating members of the corporate management who have education and qualifications that correspond to the nature of the Company's activity, its long-term goals and business plan.

The practices adopted by the Company encourage the pursuit for gender balance at all management levels.

The Company does not discriminate against members of corporate management based on age.

.....

Dimitar Dimitrov

Executive Director of SHELLY GROUP SE



## DECLARATION

**under to Art. 100n, para. 4, item 4 of the Public Offering of Securities Act**

We, the undersigned,

DIMITAR STOYANOV DIMITROV, in my capacity as Executive Director of SHELLY GROUP SE

and

ILİYANA DIMITROVA KRUSHKOVA, in my capacity as Chief Financial Officer of SHELLY GROUP SE

Hereby DECLARE that to the best of our knowledge:

1. The annual financial statements of 2025, prepared in accordance with the applicable accounting standards, present correctly and fairly the information about the assets and liabilities, financial position and profit or loss of SHELLY GROUP SE;
2. The 2025 report on the activities contains a truthful overview of the development and results of the activities of SHELLY GROUP SE, as well as the position of SHELLY GROUP SE, together with a description of the main risks and uncertainties it faces.

Declarants:

.....

Dimitar Dimitrov  
Executive Director

.....

Iliyana Krushkova  
Chief Financial Officer

**SHELLY GROUP SE**  
**SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2025**



SEPARATE STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2025

SHELLY GROUP SE  
UIC 201047670

All amounts are in thousand Bulgarian leva unless otherwise stated

	Note	December 31, 2025	December 31, 2024
<b>ASSETS</b>			
<i>Non-current assets</i>			
Right-of-use assets	4.01	440	157
Intangible assets		4	6
Investments in subsidiaries	4.02	15 503	14 771
Investments in associates	4.03	196	196
Loans granted to related parties	6.02	1 116	1 073
Deferred tax assets	4.04	1 606	71
<b>Total non-current assets</b>		<b>18 865</b>	<b>16 274</b>
<i>Current assets</i>			
Receivables from related parties	6.02	105 044	8 868
Trade receivables	4.05	1	1 376
Other receivables	4.06	66	124
Cash and cash equivalents	4.07	596	4 778
Prepaid expenses	4.08	178	139
<b>Total current assets</b>		<b>105 885</b>	<b>15 285</b>
<b>TOTAL ASSETS</b>		<b>124 750</b>	<b>31 559</b>

Date: March 18, 2026

Preparer:  
/Silviya Ivanova Tomova/

Executive Director:  
/Dimitar Stoyanov Dimitrov/

Desislava Dinkova  
Registered auditor in charge of the audit  
Deloitte Audit OOD  
Registration number: 033

The separate statement of financial position shall be read together with the accompanying notes on pages 7-50. The notes are an integral part of these separate financial statements.

All amounts are in thousand Bulgarian leva unless otherwise stated

	Note	December 31, 2025	December 31, 2024
<b>LIABILITIES</b>			
<i>Non-current liabilities</i>			
Lease liabilities	4.01	339	113
Payables to employees and social security obligations	4.12	318	-
Retirement benefit obligations	4.09	168	101
<b>Total non-current liabilities</b>		<b>825</b>	<b>214</b>
<i>Current liabilities</i>			
Lease liabilities	4.01	105	44
Payables to related parties	4.10	-	2
Trade payables	4.11	135	174
Payables to employees and social security obligations	4.12	569	65
Tax payables	4.13	25	22
Other liabilities	4.14	175	295
<b>Total current liabilities</b>		<b>1 009</b>	<b>602</b>
<b>TOTAL LIABILITIES</b>		<b>1 834</b>	<b>816</b>
<b>EQUITY</b>			
Share capital	4.15	18 158	18 106
Retained earnings	4.16	83 204	5 480
Legal reserves	4.17	1 811	1 806
Premium reserve	4.18	5 403	5 403
Share based payments reserve	4.20	14 441	-
Reserves from revaluation of defined benefits plans	4.19	(101)	(52)
<b>TOTAL EQUITY</b>		<b>122 916</b>	<b>30 743</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>124 750</b>	<b>31 559</b>

Date: March 18, 2026

Preparer:  
/Silviya Ivanova Tomova/

Executive Director:  
/Dimitar Stoyanov Dimitrov/

Desislava Dinkova  
Registered auditor in charge of the audit  
Deloitte Audit OOD  
Registration number: 033

SEPARATE STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2025

SHELLY GROUP SE  
UIC 201047670

All amounts are in thousand Bulgarian leva unless otherwise stated

	Note	2025	2024 (reclassified)
Dividend income	5.01	100 000	4 500
Other operating income	5.02	274	106
Administrative expenses	5.03	(19 076)	(3 938)
Other expenses	5.02	(437)	(10)
<b>Profit from operating activity</b>		<b>80 761</b>	<b>658</b>
Finance income	5.04	99	391
Finance expense	5.05	(57)	(228)
Gain from sale of investment		-	1 161
<b>Profit before tax</b>		<b>80 803</b>	<b>1 982</b>
Income tax benefit	5.06	1 529	2
<b>Net profit</b>		<b>82 332</b>	<b>1 984</b>
<b>Items that will not be subsequently reclassified to profit or loss:</b>			
Actuarial loss from defined benefit plans		(54)	(48)
Deferred tax on actuarial loss		5	5
<b>Other comprehensive income after tax</b>		<b>(49)</b>	<b>(43)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>82 283</b>	<b>1 941</b>
Earnings per share in BGN	5.07	<b>4.54</b>	<b>0.11</b>
Weighted average number of shares		18 118 792	18 081 918

Date: March 18, 2026

Preparer:  
/Silviya Ivanova Tomova/

Executive Director:  
/Dimitar Stoyanov Dimitrov/

Desislava Dinkova  
Registered auditor in charge of the audit  
Deloitte Audit OOD  
Registration number: 033

SEPARATE STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2025

SHELLY GROUP SE  
UIC 201047670

All amounts are in thousand Bulgarian leva unless otherwise stated

	Note	Share capital	Retained earnings	Premium reserve	Share based payments reserve	Legal reserves	Reserve from revaluation of defined benefits plans	Total
<b>Balance at January 1, 2024</b>		<b>18 051</b>	<b>8 090</b>	<b>5 403</b>	-	<b>1 800</b>	<b>(9)</b>	<b>33 335</b>
<b>Total comprehensive income for the year, incl.:</b>		-	<b>1 984</b>	-	-	-	<b>(43)</b>	<b>1 941</b>
<i>Profit for the year</i>		-	<i>1 984</i>	-	-	-	-	<i>1 984</i>
<i>Actuarial loss from defined benefit plans</i>		-	-	-	-	-	<i>(43)</i>	<i>(43)</i>
Increase of share capital		55	-	-	-	-	-	55
Transfer to reserves		-	(6)	-	-	6	-	-
Distribution of dividends		-	(4 590)	-	-	-	-	(4 590)
Other movements		-	2	-	-	-	-	2
<b>Balance at December 31, 2024</b>	4.15, 4.16, 4.17, 4.18, 4.19	<b>18 106</b>	<b>5 480</b>	<b>5 403</b>	-	<b>1 806</b>	<b>(52)</b>	<b>30 743</b>
<b>Balance at January 1, 2025</b>		<b>18 106</b>	<b>5 480</b>	<b>5 403</b>	-	<b>1 806</b>	<b>(52)</b>	<b>30 743</b>
<b>Total comprehensive income for the year, incl.:</b>		-	<b>82 332</b>	-	-	-	<b>(49)</b>	<b>82 283</b>
<i>Profit for the year</i>		-	<i>82 332</i>	-	-	-	-	<i>82 332</i>
<i>Actuarial loss from defined benefit plans</i>		-	-	-	-	-	<i>(49)</i>	<i>(49)</i>
Share based payments		-	-	-	14 441	-	-	14 441
Increase of share capital		52	-	-	-	-	-	52
Transfer to reserves		-	(5)	-	-	5	-	-
Distribution of dividends		-	(4 603)	-	-	-	-	(4 603)
<b>Balance at December 31, 2025</b>	4.15, 4.16, 4.17, 4.18, 4.19	<b>18 158</b>	<b>83 204</b>	<b>5 403</b>	<b>14 441</b>	<b>1 811</b>	<b>(101)</b>	<b>122 916</b>

Date: March 18, 2026

Preparer:  
/Silviya Ivanova Tomova/

Executive Director:  
/Dimitar Stoyanov Dimitrov/

Desislava Dinkova  
Registered auditor in charge of the audit  
Deloitte Audit OOD  
Registration number: 033

The separate statement of changes in equity shall be read together with the accompanying notes on pages 7-50. The notes are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
All amounts are in thousand Bulgarian leva unless otherwise stated

SHELLY GROUP SE  
UIC 201047670

	<b>2025</b>	<b>2024</b>
<b><u>Cash flows from operating activities</u></b>		
Proceeds from customers	91	22
Payments to suppliers	(1 783)	(2 130)
Taxes reimbursed	229	34
Payments to employees and social security institutions	(2 067)	(2 079)
Other payments, net	(12)	(11)
<b><i>Net cash flows used in operating activities</i></b>	<b>(3 542)</b>	<b>(4 164)</b>
<b><u>Cash flows from investing activities</u></b>		
Payments for acquisition of intangible assets	-	(7)
Purchase of investments	(873)	(2 284)
Dividends received	5 600	8 500
Loans granted	(2 028)	(1 891)
Loans repaid	-	548
Proceeds from sale of investments	1 339	7 119
<b><i>Net cash flows from investing activities</i></b>	<b>4 038</b>	<b>11 985</b>
<b><u>Cash flows from financing activities</u></b>		
Proceeds from issuance of share capital	52	55
Dividends paid	(4 603)	(4 590)
Lease payments	(74)	(56)
Loans paid	-	(1 322)
Cash flows related to interest, commissions, etc.	(5)	(17)
Other payments used in financing activity	-	(25)
<b><i>Net cash flows used in financing activities</i></b>	<b>(4 630)</b>	<b>(5 955)</b>
Effect of change in exchange rates	(48)	(31)
<b><i>Net change in cash and cash equivalents</i></b>	<b>(4 182)</b>	<b>1 835</b>
Cash and cash equivalents at the beginning of the year	4 778	2 943
<b><i>Cash and cash equivalents at the end of the year</i></b>	<b>596</b>	<b>4 778</b>

Date: March 18, 2026

Preparer:  
/Silviya Ivanova Tomova/

Executive Director:  
/Dimitar Stoyanov Dimitrov/

Desislava Dinkova  
Registered auditor in charge of the audit  
Deloitte Audit OOD  
Registration number: 033

The separate statement of cash flows shall be read together with the accompanying notes on pages 7-50. The notes are an integral part of these separate financial statements.

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## 1. Legal status and general information

SHELLY GROUP SE (the Company), Sofia is entered into the Commercial register and register of non-profit legal entities (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, 1407 Sofia, Bulgaria.

On December 16, 2024 the Company changed its legal form from a joint-stock company (AD) to a European company (SE).

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, jointly and separately. The Board of Directors' composition as of December 31, 2025, is as follows:

- Christoph Vilanek – Chairman;
- Nikolay Martinov – Deputy Chairman;
- Dimitar Dimitrov – Executive Director and representative;
- Wolfgang Kirsch – Executive Director and representative;
- Svetlin Todorov – Executive Director and representative.

## 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 December 31, 2025, IASs consist of: IFRS accounting standards as adopted by EU and the interpretations of IFRS 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, 2025, and adopted by the EU.

## 2.2. Initial application of new and amended IFRS accounting standards

### 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.

The management has reviewed the changes in the existing accounting standards effective from January 1, 2025 and believes that they do not require changes in terms of the accounting policy applied in the current year.

The following amendments to the existing IFRS accounting standards issued by IASB and adopted by the EU are effective for the current reporting period:

- **Amendments to IAS 21:** Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025).

The adoption of the new amendments to the existing IFRS accounting standard has not had any material impact on the disclosures or on the amounts reported in these separate financial statements.

### 2.2.2. Standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following amendments to IFRS accounting standards that have been issued by IASB and adopted by EU but are not yet effective:

- **Amendments to IFRS 9 and IFRS 7** - Amendments to the Classification and Measurement of Financial Instruments (effective for annual periods beginning on or after 1 January 2026);
- **Amendments to IFRS 9 and IFRS 7** - Contracts Referencing Nature-dependent Electricity (effective for annual periods beginning on or after 1 January 2026);
- **Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7** - Annual Improvements to IFRS Accounting Standards - Volume 11 - effective for annual periods beginning on or after 1 January 2026;
- **IFRS 18 - Presentation and Disclosures in Financial Statements** (effective for annual periods beginning on or after 1 January 2027).

### 2.2.3. Standards and amendments issued by IASB but not yet adopted by the EU

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

- **IFRS 19 with further amendments - Subsidiaries without Public Accountability: Disclosures** (effective for annual periods beginning on or after 1 January 2027);
- **Amendments to IAS 21** - Translation to a Hyperinflationary Presentation Currency (effective for annual periods beginning on or after 1 January 2027);
- **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.

The Company does not expect that the adoption of the accounting standards listed above will have a material impact on the financial statements of the Company in the period of initial application, except for IFRS 18 which is expected to have material impact on the presentation and disclosure of information in the financial statements. The Company is in process of analysing the specific impact of IFRS 18 on its financial statements although this new standard will not affect the measurement of its financial results, it will affect their presentation and disclosure. 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

These separate financial statements 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.

Management has no plans or intentions to sell the business or cease Company's 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, usually, 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, 2025, the Company owns two subsidiaries registered in the country, five subsidiaries abroad and one local associated company. In these separate financial statements, investments in subsidiaries are presented at acquisition cost and these statements do not constitute consolidated financial statements within the meaning of IFRS 10 *Consolidated Financial Statements*.

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 SE'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, 2025, 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, 2025 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, 2025 - BGN 1.66355 for USD 1, BGN 1.95583 for EUR 1 and PLN 2.16087 for BGN 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.

In performing this assessment, the current macroeconomic environment and the development of the geopolitical situation throughout 2025 and as of the date of preparation of these separate financial statements were taken into account, with a specific focus on the following factors:

**The military conflict in Ukraine:** The Company continues to monitor the indirect effects of the conflict, including energy market volatility, inflationary pressures, and supply chain disruptions. As of the date of preparation of these financial statements, the Company has no direct exposure or significant assets in the affected regions that would jeopardize its liquidity.

**The conflict in the Middle East:** Management acknowledges the potential risks of destabilization of global trade routes and the subsequent effect on transport costs. The analysis performed indicates that, as of the current date, these events do not have a material impact on the Company's operational capacity to service its obligations.

### ***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 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, a number of 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 its separate financial statements as of 2025 (Note 4.09).

### **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 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.

These separate financial statements have been prepared for the year ended December 31, 2025. Comparative information for 2024 has been reclassified in the designated explanatory notes to ensure comparability with the current period's presentation. The reclassification has no effect on the Company's net financial result, total comprehensive income, or equity.

### 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. 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), term deposits and cash at bank accounts.

### ***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);
- Receivables from related parties (Note 6.02);
- Trade receivables (Notes 4.05).

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 by 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.

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 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.

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 a collective 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***

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.

#### ***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.

### **3.03. 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.

**3.04. Reserves**

The accumulated financial results from prior years, premium reserves related to the issuance of shares, share based payments reserve, reserve from revaluation of defined benefits plans, 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.

**3.05. 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 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.

#### ***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.

### **3.06. 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 labor 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.

### ***Share-based payments***

#### *Equity-settled share-based payment transactions*

For transactions measured by reference to the fair value of the equity instruments granted, the Company measures the fair value of the equity instruments granted at the measurement date, based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted. Fair value excludes the effects of non-market vesting conditions.

Equity-settled share-based payment transactions with employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

Share-based payment expense is recognized over the service period on a straight-line basis during the vesting period, based on the Company's estimate of the number of equity instruments that will eventually vest. A corresponding increase in equity is recognized in a share-based payment reserve against the recognized expense.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest based on non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss so that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

The related deferred tax, where applicable, is recognized in accordance with IAS 12, and the tax effect is recognized in equity within the same component in which the share-based payment transaction is recognized.

### **3.07. 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.

*Revenue from management services*

Revenue from management services to subsidiaries is recognized in the period in which the services are rendered.

**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.

**3.08. 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.

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.

### **3.09. 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. In 2024 and 2025 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.

### 3.10. 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.

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.

## 4. Notes to the Statement of financial position

### 4.01. Leases

Right-of-use assets 01.01.2024	Vehicles	Buildings	Total
<b>Cost</b>	<b>269</b>	-	<b>269</b>
<b>Depreciation</b>	<b>(62)</b>	-	<b>(62)</b>
<b>Book value</b>	<b>207</b>	-	<b>207</b>
Additions for the year	29	-	29
Depreciation for the year	(54)	-	(54)
Disposals for the year	(69)	-	(69)
Depreciation written-off	44	-	44
<b>Book value at 31.12.2024</b>	<b>157</b>	-	<b>157</b>
<b>Cost</b>	<b>229</b>	-	<b>229</b>
<b>Depreciation</b>	<b>(72)</b>	-	<b>(72)</b>
<b>Book value 31.12.2024</b>	<b>157</b>	-	<b>157</b>
<b>Cost 01.01.2025</b>	<b>229</b>	-	<b>229</b>
<b>Depreciation</b>	<b>(72)</b>	-	<b>(72)</b>
<b>Book value 01.01.2025</b>	<b>157</b>		<b>157</b>
Additions for the year	156	196	352
Depreciation for the year	(62)	(2)	(64)
Disposals for the year	(6)	-	(6)
Depreciation written-off	1	-	1
<b>Book value at 31.12.2024</b>	<b>246</b>	<b>194</b>	<b>440</b>
<b>Cost</b>	<b>379</b>	<b>196</b>	<b>575</b>
<b>Depreciation</b>	<b>(133)</b>	<b>(2)</b>	<b>(135)</b>
<b>Book value at 31.12.2025</b>	<b>246</b>	<b>194</b>	<b>440</b>

At the end of the reporting period, the Company is a party to vehicle and rental office area lease agreements signed with the subsidiary Shelly Europe EOOD for which it has recognised in the separate statement of financial position right-of-use assets with a book value of BGN 440 thousand

Present value of the lease liability:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Shelly Europe EOOD including		
- up to 1 year	105	44
- over 1 year	3339	113
<b>Total lease liability</b>	<u>444</u>	<u>157</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total amount of leasing payment for the period	(74)	(56)
Interest expense under lease contracts	(6)	(1)

Leases for vehicles have an average term of 3 years and the term of the rental office lease agreement is 9 years.

The discount rate used by the Company for the described leases is 2,94%.

#### 4.02. Investments in subsidiaries

Company	Share in capital %	December 31, 2025	Share in capital %	December 31, 2024
Shelly Trading EOOD	100	1	100	1
Shelly Europe EOOD	100	7 000	100	7 000
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	76	5 281
Shelly Asia Ltd., China	80	1 025	80	1 025
Shelly Poland SP. Z O O.	100	732	-	-
<b>Total investments in subsidiaries</b>		<b>15 503</b>		<b>14 771</b>

On February 22, 2024, Shelly Group SE exercised the Call option for acquisition of additional 16% stake in its Slovenian IoT subsidiary Shelly Tech (former 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 from exercising the Call option 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 May 31, 2024 the Company exercised the Call option for acquisition of 50% in the associated company Shelly Asia Ltd., (former Allterco Asia Ltd.), as a result of which its share became 80%. The price of the newly acquired shares is EUR 520 000.

On September 26, 2024 Shelly Group SE finalized the sale of 100% of the capital of its subsidiary Shelly Properties EOOD which underlying asset was the holding's former office building. The agreed sale price is EUR 3.5 million (BGN 6.8 million).

On April 24, 2025 by decision of the Board of Directors of Shelly Group SE the subsidiary Shelly Poland SP. Z O O with a capital amounting to BGN 732 thousand (PLN 1 600 000) was incorporated in Poland.

#### 4.03. Investments in associates

In 2023, Shelly Group SE 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).

In 2024, Corner Solutions OOD merged with Ground Solutions Group AD, with Shelly Group SE retaining a 10% share in the merged company after the transaction.

At the beginning of 2025, a capital increase was made, in which the right of the current shareholders to subscribe for shares was limited in accordance with Article 194 of the Commerce Act, and the Company's share in the capital of Ground Solutions Group AD decreased to 8.495% with 8,010 shares held.

#### 4.04. Deferred tax assets and liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Deferred tax on accrued costs	139	56
Deferred tax on unused paid leave	6	5
Deferred tax on pensions cost	17	10
Deferred tax on share-based payments	1 444	-
<b>Total deferred tax assets</b>	<b><u>1 606</u></b>	<b><u>71</u></b>

#### 4.05. Trade receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Receivables from clients	-	1 340
Advances to suppliers	1	36
<b>Total trade receivables</b>	<b><u>1</u></b>	<b><u>1 376</u></b>

Trade receivables are in the following currencies:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<i>By types of currency</i>		
in BGN	1	-
in GBP	-	36
in EUR	-	1 340
<b>Total trade receivables</b>	<b><u>1</u></b>	<b><u>1 376</u></b>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current	1	1 054
Overdue up to 30 days	-	-
Overdue up to 60 days	-	-
Overdue up to 90 days	-	146
Overdue over 90 days	-	176
<b>Total trade receivables:</b>	<b><u>1</u></b>	<b><u>1 376</u></b>

#### 4.06. Other receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
VAT receivable	66	124
<b>Total other receivables:</b>	<b><u>66</u></b>	<b><u>124</u></b>

#### 4.07. Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<b>Cash, including</b>	<b>2</b>	<b>2</b>
Cash in BGN	2	2
<b>Cash in current bank accounts, including</b>	<b>594</b>	<b>4 776</b>
Current bank account in BGN	312	471
Current bank account in foreign currency	172	4 295
Cash equivalents	110	10
<b>Total cash and cash equivalents</b>	<b><u>596</u></b>	<b><u>4 778</u></b>

<i>By currency</i>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
in BGN	424	483
in USD	44	7
in EUR	128	4 288
<b>Total cash and cash equivalents</b>	<b><u>596</u></b>	<b><u>4 778</u></b>

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, 2025. Cash at bank accounts are held in three banks.

#### 4.08. Prepaid expenses

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Insurances	46	39
Subscription to information services	30	44
SAP licenses	102	48
Others	-	8
<b>Total prepaid expenses</b>	<b><u>178</u></b>	<b><u>139</u></b>

#### 4.09. Retirement benefits obligations

As of December 31, 2025, the Company reports obligations for a defined benefit plan upon retirement of BGN 168 thousand. The amount of the obligation is determined on the basis of 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:

	<u>December 31, 2025</u>	<u>December 31, 2024 (reclassified)</u>
Liabilities at the beginning of the year	101	48
Liabilities paid during the year	-	-
<b>Expenses recognized in profit or loss</b>		
Current service cost	9	3
Financial costs on future liabilities	4	2
<b>Actuarial loss, recognized in other comprehensive income</b>	<b>54</b>	<b>48</b>
<b>Liabilities at the end of the period</b>	<b><u>168</u></b>	<b><u>101</u></b>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of the liability	114	53
Recognized actuarial losses	54	48
<b>Liabilities at the end of the period</b>	<b><u>168</u></b>	<b><u>101</u></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 2022 – 2024 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.

#### 4.10. Payables to related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<b>Shelly Europe EOOD</b>		
- Up to one year	-	2
<b>Total payables to related parties</b>	<b><u>-</u></b>	<b><u>2</u></b>

#### 4.11. Trade payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Suppliers	135	174
<i>By currency</i>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
in BGN	125	170
in EUR	10	4
<b>Total trade payables</b>	<b><u>135</u></b>	<b><u>174</u></b>

#### 4.12. Payables to employees and social security obligations

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Liabilities for non-used paid leaves	54	48
Liabilities under labor contracts	27	6
Management bonus payables	796	-
Social security and health contributions	8	8
Social security contributions on non-used paid leaves	2	3
<b>Total payables to employees and social security obligations</b>	<b><u>887</u></b>	<b><u>65</u></b>

#### 4.13. Tax liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Personal income tax	21	22
Other taxes	4	-
<b>Total tax liabilities</b>	<b><u>25</u></b>	<b><u>22</u></b>

#### 4.14. Other liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Liabilities for purchase of shares	175	295
<b>Total other liabilities</b>	<b><u>175</u></b>	<b><u>295</u></b>

#### 4.15. Share capital

SHELLY GROUP SA is registered in 2010. The registered capital of the Company as of December 31, 2025, amounts to BGN 18 158 060 and is distributed in 18 158 060 ordinary registered shares with value of BGN 1 each. The registered capital is fully paid in the following 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.

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 Shelley Group SE 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 capital increase of its registered capital), addressed to employees of Shelly Group SE and its subsidiaries. The capital increase is in the amount of BGN 54 614, representing 54 614 ordinary, dematerialized, registered voting shares with a nominal value of BGN 1 each. The capital of Shelley Group SE after the increase is BGN 18 105 559, representing 18 105 559 ordinary, dematerialized, registered shares with voting rights and a nominal value of BGN 1 each.

At a regular general meeting of shareholders held on June 2, 2025, a decision was made to increase the Company's capital for the benefit of employees of the Group. The registered capital increase is in the amount of BGN 52,501, representing 52,501 ordinary, dematerialized, registered voting shares with a nominal value of BGN 1 each. The capital of Shelley Group SE after the increase is BGN 18 158 060, representing 18 158 060 ordinary, dematerialized, registered voting shares with a nominal value of BGN 1 each.

The process of capital increase was finalized on July 2, 2025.

As of December 31, 2025, the shareholders in the Company are:

<b>Name/business name</b>	<b><u>Number of shares:</u></b>	<b><u>% in the capital</u></b>
Dimitar Dimitrov	5 237 564	28.84%
Svetlin Todorov	5 045 620	27.79%
<i>Persons possessing less than 5% of the capital</i>		
Other individuals and legal entities	7 874 876	43.37%
<b>Total registered capital</b>	<b><u>18 158 060</u></b>	<b><u>100.00%</u></b>

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

<b>Name/business name</b>	<b><u>Number of shares:</u></b>	<b><u>% in the capital</u></b>
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 registered capital</b>	<b><u>18 105 559</u></b>	<b><u>100.00%</u></b>

#### 4.16. Retained earnings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<b>Retained earnings in the beginning of the year</b>	<b>5 480</b>	<b>8 090</b>
Profit for the year	82 332	1 984
Distribution of dividends	(4 603)	(4 590)
Transfer to reserves	(5)	(6)
Other changes	-	2
<b>Retained earnings at the end of the year</b>	<b>83 204</b>	<b>5 480</b>

#### 4.17. Legal reserves

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Legal reserves in the beginning of the year	1 806	1 800
Profits transferred to reserves	5	6
<b>Legal reserves at the end of the year</b>	<b>1 811</b>	<b>1 806</b>

#### 4.18. Premium reserve

As of December 31, 2024 and 2025, 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.

#### 4.19. Reserves from revaluation of deferred benefits plans

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<b>Balance at the beginning of the year</b>	<b>(52)</b>	<b>(9)</b>
Loss as a result of actuarial revaluation of defined benefit plans	(54)	(48)
Deferred tax on actuarial loss	5	5
<b>Balance at the end of the year</b>	<b>(101)</b>	<b>(52)</b>

#### 4.20. Share based payments reserve

More details about share based payments accounting are disclosed in Note 6.04.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<b>Balance at the beginning of the year</b>	<b>-</b>	<b>-</b>
Share-based payments to management	14 441	-
<b>Balance at the end of the year</b>	<b>14 441</b>	<b>-</b>

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

#### 5.01. Dividend income

In 2025, the Company recognized dividend income in the amount of BGN 100,000 thousand from its subsidiaries Shelly Europe EOOD - BGN 90,000 thousand and Shelly Trading EOOD - BGN 10,000 thousand.

For the previous year, dividend income in the amount of BGN 4,500 thousand was recognized from the subsidiaries Shelly Europe EOOD - BGN 3,500 thousand and Shelly Trading EOOD - BGN 1,000 thousand.

### 5.02. Other operating income and expenses

	<b>2025</b>	<b>2024 (reclassified)</b>
Income from management services	96	26
Liabilities written-off	-	30
Foreign exchange rate gains	118	5
Other	60	45
<b>Total other operating income</b>	<b>274</b>	<b>106</b>

During the reporting period, the Company provided management services to three of its subsidiaries – Shelly Asia in the amount of BGN 35 thousand (2024 – BGN 13 thousand), Shelly DACH in the amount of BGN 43 thousand (2024 – BGN 13 thousand) and Shelly Tech in the amount of BGN 18 thousand (2024 – none).

	<b>2025</b>	<b>2024</b>
Foreign exchange rate losses	(429)	(4)
Bank fees	(8)	(6)
<b>Total other operating expenses</b>	<b>(437)</b>	<b>(10)</b>

### 5.03. Administrative expenses

	<b>2025</b>	<b>2024</b>
<b>Expenses for materials, including:</b>	<b>(11)</b>	<b>(6)</b>
<i>Office supplies, machinery and consumables</i>	<i>(11)</i>	<i>(6)</i>
<b>Expenses for hired services, including:</b>	<b>(1 548)</b>	<b>(1 686)</b>
<i>Office rent</i>	<i>(33)</i>	<i>(3)</i>
<i>Information services</i>	<i>(251)</i>	<i>(233)</i>
<i>Membership fees and subscriptions</i>	<i>(48)</i>	<i>(231)</i>
<i>Insurances and auto services</i>	<i>(66)</i>	<i>(5)</i>
<i>Consultancy, legal, accounting and audit services</i>	<i>(793)</i>	<i>(1 124)</i>
<i>Taxes and fees</i>	<i>(7)</i>	<i>(13)</i>
<i>Advertising and exhibitions</i>	<i>(199)</i>	<i>(24)</i>
<i>Other external services</i>	<i>(151)</i>	<i>(53)</i>
<b>Depreciation expense</b>	<b>(66)</b>	<b>(56)</b>
<b>Payroll expenses</b>	<b>(17 315)</b>	<b>(2 087)</b>
<b>Social security expenses</b>	<b>(65)</b>	<b>(53)</b>
<b>Other expenses</b>	<b>(71)</b>	<b>(50)</b>
<b>Total administrative expenses</b>	<b>(19 076)</b>	<b>(3 938)</b>

As of the end of 2025 the salary expenses include accruals for share-based payments as well as for annual cash bonus for the executive directors. For more details, see Note 6.04. The audit services provided in 2025 amounted to BGN 92 thousand, while in 2024 they amounted to BGN 62 thousand.

	<b>2025</b>	<b>2024</b>
Salaries and wages	2 078	2 087
Share-based payments	14 441	-
Annual cash bonus	796	-
<b>Total payroll expenses</b>	<b>17 315</b>	<b>2 087</b>

**5.04. Finance income**

	<b>2025</b>	<b>2024</b>
Interest income	97	98
Net earnings on foreign exchange operations	2	293
<b>Total finance income</b>	<b>99</b>	<b>391</b>

**5.05. Finance expenses**

	<b>2025</b>	<b>2024</b> <b>(reclassified)</b>
Interest expenses	(6)	(27)
Bank financial services	(1)	(25)
Net foreign exchange rates expenses	(50)	(176)
<b>Total finance expenses</b>	<b>(57)</b>	<b>(228)</b>

**5.06. Income tax benefit**

	<b>2025</b>	<b>2024</b>
Current tax expenses	-	-
Tax effect from temporary differences	1 529	2
<b>Income tax benefit</b>	<b>1 529</b>	<b>2</b>

	<b>2025</b>	<b>2024</b>
<b>Accounting profit before tax</b>	<b>80 803</b>	<b>1 982</b>
Income tax expense at applicable tax rate of 10% for 2025 (2024: 10%)	(8 080)	(198)
Tax effect of permanent differences, incl.:	9 998	577
<i>Tax effect of non-taxable income</i>	9 999	576
<i>Tax effect of non-deductible expenses</i>	(1)	1
Tax effect of unrecognised tax assets	(389)	(377)
<b>Income tax benefit</b>	<b>1 529</b>	<b>2</b>

The Company has incurred tax losses as follows:

<b>Tax period</b>	<b>Tax loss carry forward period</b>	<b>Tax loss</b>	<b>Unrecognized deferred tax asset</b>
2020	From 2021 to 2025	-	-
2021	From 2022 to 2026	(5 660)	566
2022	From 2023 to 2027	(2 065)	207
2023	From 2024 to 2028	(2 998)	300
2024	From 2025 to 2029	(3 708)	371
2025	From 2026 to 2030	(3 894)	389

Applicable tax rate		10%
<b>Total</b>	<b>(18 325)</b>	<b>1 833</b>

Movement in deferred taxes as of 31.12.2025 and 31.12.2024:

	<u>2025</u>	<u>2024</u>
<b><i>Deferred tax assets</i></b>		
Compensated leaves	1	5
Pension expenses	2	1
Audit expenses	1	8
Employee income / bonus	80	1
Employee income / share-based payments	1 444	-
Other	1	1
<b><i>Deferred tax liabilities</i></b>		
Other	-	(14)
<b>Deferred tax income</b>	<b><u>1 529</u></b>	<b><u>2</u></b>

#### 5.07. Earnings per share in BGN

	<u>2025</u>	<u>2024</u>
Net profit for the reporting period in BGN'000	<b>82 332</b>	<b>1 984</b>
Weighted average number of shares	18 118 792	18 081 918
<b>Earnings per share in BGN</b>	<b><u>4.54</u></b>	<b><u>0.11</u></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.

In June 2025 the Company increased its share capital by issuing 52 501 new ordinary dematerialized registered voting shares with par value of BGN 1 each.

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

As of December 31, 2025 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 Tech d.o.o.	Subsidiary
Shelly Asia Ltd	Subsidiary
Shelly Poland SP. Z O O.	Subsidiary
Ground Solutions Group AD	Associate

In 2025 the Company has carried out transactions with the following related parties:

<b>Company</b>	<b>Relationship</b>
Shelly USA Inc.	Subsidiary
Shelly Tech d.o.o.	Subsidiary
Shelly Europe EOOD	Subsidiary
Shelly Trading EOOD	Subsidiary
Shelly DACH GmbH	Subsidiary
Shelly Asia Ltd	Subsidiary
Shelly Poland SP. Z O O.	Subsidiary

The Company has carried out transactions with related parties, the information for which are presented below.

### 6.01. Related party transactions

At the end of 2022 Shelly Group SE granted an additional cash contribution at 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 for the year ended December 31, 2025, on this transaction amounts to BGN 17 thousand.

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 interest income for the year ended December 31, 2025, on this transaction amounts to BGN 45 thousand.

On June 1, 2023, Shelly Group SE granted to Shelly Tech d.o.o an additional cash contribution at the amount of BGN 978 thousand (EUR 500 thousand) at the following terms – repayment period within 1-year, annual interest rate 1%. The recognized interest income for the year ended December 31, 2025, on this transaction amounts to BGN 10 thousand.

On March 19, 2024, SHELLY GROUP SE granted to its subsidiary Shelly USA Inc. an additional cash contribution at the amount of BGN 763 thousand (USD 400,000). The interest income accrued for the year ended December 31, 2025, on this transaction amounts to BGN 7 thousand.

On May 14, 2024, the Board of Directors of SHELLY GROUP SE decided to provide an additional cash contribution at the amount of BGN 1,173 thousand (EUR 600,000) to its Slovenian subsidiary Shelly Tech d.o.o. for a period of 1 year and annual interest margin of 1%. The interest income accrued for the year ended December 31, 2025, on this transaction amounts to BGN 12 thousand.

On January 8, 2025, SHELLY GROUP SE decided to provide its American subsidiary Shelly USA Inc. with financing in the form of an additional cash contribution of BGN 1,329 thousand (USD 700 thousand) for a period of one year at an annual interest rate of 1%. Accrued interest income for the year ended December 31, 2025 under the transaction is BGN 8 thousand.

On December 22, 2025, SHELLY GROUP SE decided to provide its Polish subsidiary Shelly Poland with financing in the form of a short-term loan in the amount of EUR 400 thousand (BGN 782 thousand) for a period of one year at an annual interest rate equal to the interest rate at which Shelly Group subsidiaries use short-term bank financing. The amount was fully utilized by the end of 2025. The accrued interest income for the period amounts to BGN 1 thousand.

In 2025, the Company provided management services to three of its subsidiaries – Shelly Asia at the amount of BGN 35 thousand, Shelly DACH at the amount of BGN 43 thousand and Shelly Tech at the amount of BGN 18 thousand.

In 2025, the Company recognized dividend income in the amount of BGN 100,000 thousand from its subsidiaries Shelly Europe EOOD - BGN 90,000 thousand and Shelly Trading EOOD - BGN 10,000 thousand.

## 6.02.Receivables from related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<b>Shelly Europe EOOD, incl.:</b>	<b>89 000</b>	<b>3 000</b>
<i>Dividend Receivable</i>	<i>89 000</i>	<i>3 000</i>
<b>Shelly Trading EOOD, incl.:</b>	<b>9 400</b>	<b>1 000</b>
<i>Dividend Receivable</i>	<i>9 400</i>	<i>1 000</i>
<b>Shelly USA Inc., incl.</b>	<b>3 656</b>	<b>2 690</b>
- <i>Interest on additional cash contributions</i>	<i>78</i>	<i>54</i>
- <i>Funds provided for additional contributions</i>	<i>3 578</i>	<i>2 636</i>
<b>Shelly Tech d.o.o., incl.</b>	<b>3 314</b>	<b>3 247</b>
- <i>Interest on additional cash contributions</i>	<i>45</i>	<i>23</i>
- <i>Interest on loans</i>	<i>138</i>	<i>95</i>
- <i>Funds provided for additional contribution</i>	<i>2 151</i>	<i>2 151</i>
- <i>Loan provided</i>	<i>978</i>	<i>978</i>
- <i>Management services</i>	<i>2</i>	<i>-</i>
<b>Shelly Asia</b>	<b>3</b>	<b>4</b>
- <i>Management services</i>	<i>3</i>	<i>4</i>
<b>Shelly Poland</b>	<b>783</b>	<b>-</b>
- <i>Loan provided</i>	<i>782</i>	<i>-</i>
- <i>Interest on loan</i>	<i>1</i>	<i>-</i>
<b>Shelly DACH</b>	<b>4</b>	<b>-</b>
- <i>Management services</i>	<i>4</i>	<i>-</i>
<b>Total receivables from related parties incl.:</b>	<b>106 160</b>	<b>9 941</b>
<i>Current:</i>	<i>105 044</i>	<i>8 868</i>
<i>Non-current:</i>	<i>1 116</i>	<i>1 073</i>

All receivables from related companies are reviewed for impairment, however no such was identified, neither accrued for the respective reporting periods.

Receivables from related companies are in the following currencies:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<i>By currency</i>		
in BGN	98 400	4 000
in EUR	4 104	3 251
in USD	3 656	2 690
<b>Total receivables from related parties</b>	<b><u>106 160</u></b>	<b><u>9 941</u></b>

### 6.03. Payables to related parties

The payables to related parties during the year are related to the lease agreements concluded with Shelly Europe EOOD for vehicles and rental office area, for which the Company has recognized in the separate statement of financial position right-of-use assets. As of December 31, 2025, the present value of the lease liability recognized under these agreements amounts to BGN 444 thousand, of which current portion of BGN 105 thousand and non-current of BGN 339 thousand.

### 6.04. Key managerial personnel

In 2025 to the members of the Board of Directors is accrued and paid gross permanent remuneration (including employer's social security contributions) at the total amount of BGN 1 573 thousand (2024: BGN 1 617 thousand.). The remuneration paid was in accordance with the Remuneration policy.

As of December 31, 2025 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

### Share-based payments

At the end of 2022, the general meeting of shareholders approved a share-based compensation scheme for the executive members of the Board of Directors. The scheme is prepared in accordance with the Company's remuneration policy and covers the period 2022 - 2025.

The scheme sets out complex criteria for assessing the performance of executive members, and the incentives set for their performance are aimed at sustainable and long-term value generation.

This Scheme provides for the provision of remuneration in shares in the form of a package of conditional options, consisting of the following types of conditional options:

- Basic options - based on criteria for the achieved average price of the Company's share on certain reference dates and the achievement of non-financial goals;

- Reserve options – based on the Company's consolidated financial indicators and the achievement of non-financial goals.
- The fulfilment of the conditions for exercising options is subject to assessment by the General Meeting of Shareholders of SHELLY GROUP SE following the expiration of the Exercise Period under the Scheme. The resolution of the General Meeting, which determines the number of shares that the Company's directors are entitled to receive upon exercising the respective options, shall also specify the method by which SHELLY GROUP SE will provide the shares to be delivered to the directors. The choice of the method for securing the shares to fulfil the obligations under the granted options should be oriented, all other things being equal, towards achieving the most favorable financial terms for the Company and its shareholders. An analysis and justification of the costs under different scenarios, along with the non-financial advantages and disadvantages of each, must be presented in the explanatory notes to the proposal. The Scheme provides that the provision of shares may be carried out either through the transfer of treasury shares or by granting the right to participate in a special capital increase procedure.

Prior to exercising the options and receiving the shares, the executive members of the Board of Directors participating in the Scheme have no voting or dividend rights.

As of December 31, 2025, when the share-based payments scheme expires, an assessment of the results achieved has been made and the number of shares that each of the two executive members of the Company should receive has been calculated. Based on the set goals and the Company's assessment of the extent to which these goals have been achieved, the executive members are entitled to receive options to acquire 712,200 shares (out of a permitted maximum total number of 890,250 shares). In accordance with the terms of the program and the stipulated exercise price, the fair value of the options as of the grant date is equal to the fair value of the shares as of that date. In accordance with the requirements of IFRS 2, the value of the options to be granted was determined based on the market price of the Company's share on the date of adoption of the share-based payment scheme, which was BGN 20.2771 and accordingly, a share-based payment expense of BGN 14,441 thousand was recognized, included as part of the remuneration expenses in these financial statements.

#### **Annual cash bonus**

According to a decision of the General Meeting of Shareholders dated 02.06.2025, an amendment to the remuneration policy for the executive members of the Board of Directors for 2025 was approved, who are entitled to receive variable cash remuneration (annual bonus), the amount of which depends on the achieved financial results for the financial year 2025.

The annual bonus is formed as the sum of the bonus values corresponding to the degree of achievement of target results for each of 2 financial components - EBIT and consolidated revenue, as well as 3 non-financial criteria.

The accomplishment of each of the financial criteria is considered based on the Company's annual consolidated financial statements for 2025, certified by a registered auditor and approved by the General Meeting of Shareholders. Therefore, an accrual for annual bonus due has been made in these financial statements, based on unaudited financial data. The final amount of the bonus should be approved by the General Meeting of Shareholders upon adoption of the Company's audited consolidated financial statements for 2025.

Based on preliminary data on consolidated sales revenue and EBIT, an annual bonus of BGN 398 thousand was calculated for each of the two executive members of the Company's Board of Directors.

## 7. Contingent liabilities and commitments

As of December 31, 2025 and December 31, 2024 the Company has no contingent liabilities and commitments.

## 8. Financial instruments by categories

The structure of the financial assets and liabilities as of December 31, 2025 and December 31, 2024 by categories is as follows:

	December 31, 2025			December 31, 2024		
	Financial assets at amortized cost - Cash	Financial assets at amortized cost	Financial assets at amortized cost - Cash	Financial assets at amortized cost	Financial assets at amortized cost - Cash	Financial assets at amortized cost
<i>Financial assets according to the Statement of financial position</i>						
Cash and cash equivalents	596	-	596	4 778	-	4 778
Long-term loans granted to related parties	-	1 116	1 116	-	1 073	1 073
Current receivables from related parties	-	105 044	105 044	-	8 868	8 868
Trade receivables	-	1	1	-	1 376	1 376
<b>TOTAL FINANCIAL ASSETS</b>	<b>596</b>	<b>106 161</b>	<b>106 757</b>	<b>4 778</b>	<b>11 317</b>	<b>16 095</b>

	December 31, 2025		December 31, 2024	
	Financial liabilities at amortized cost	Total	Financial liabilities at amortized cost	Total
<i>Financial liabilities according to the Statement of financial position</i>				
Lease liabilities	444	444	157	157
Trade payables	135	135	174	174
Other liabilities	175	175	295	295
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>754</b>	<b>754</b>	<b>626</b>	<b>626</b>

The Company has no practice of operating 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 most of its operations and transactions are denominated in Bulgarian levs and euros, and the latter has a fixed exchange rate against the lev by law.

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:

	In EUR	In USD	In other foreign currency	In BGN	Total
<b>December 31, 2025</b>					
Cash and cash equivalents	128	44	-	424	596
Long-term loans granted to related parties	1 116	-	-	-	1 116
Receivables from related parties	2 988	3 656	-	98 400	105 044
Trade receivables	-	-	-	1	1
<b>TOTAL ASSETS</b>	<b>4 232</b>	<b>3 700</b>	<b>-</b>	<b>98 825</b>	<b>106 757</b>
Lease liabilities	195	-	-	249	444
Trade payables	10	-	-	125	135
Other liabilities	-	-	-	175	175
<b>TOTAL LIABILITIES</b>	<b>205</b>	<b>-</b>	<b>-</b>	<b>549</b>	<b>754</b>
<b>December 31, 2024</b>					
Cash and cash equivalents	4 288	7	-	483	4 778
Long-term loans granted to related parties	1 073	-	-	-	1 073
Receivables from related parties	2 178	2 690	-	4 000	8 868
Trade receivables	1 340	-	36	-	1 376
<b>TOTAL ASSETS</b>	<b>8 879</b>	<b>2 697</b>	<b>36</b>	<b>4 483</b>	<b>16 095</b>
Lease liabilities	-	-	-	157	157
Trade payables	4	-	-	170	174
Other liabilities	-	-	-	295	295
<b>TOTAL LIABILITIES</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>622</b>	<b>626</b>

**Currency sensitivity analysis**

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 of 3% of all currency exposures of the Company, and are to related companies, the management considers this risk to be insignificant.

In the table below, a sensitivity analysis is presented to the possible changes in the exchange rate BGN/USD 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
	%	
2025	+/-1.00%	37
2024	+/-1.00%	27

### B. Price risk

As of December 31, 2025, the Company is not exposed to price risk related to financial instruments held.

### 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, 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 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.

December 31, 2025	Interest- free	With floating interest %	With fixed interest %	total
Cash and cash equivalents	-	-	596	596
Long-term loans granted to related parties	-	1 116	-	1 116
Receivables from related parties	99 315	782	4 947	105 044
Trade receivables	1	-	-	1
<b>TOTAL ASSETS</b>	<b>99 316</b>	<b>1 898</b>	<b>5 543</b>	<b>106 757</b>
Lease liabilities	-	-	444	444
Trade payables	135	-	-	135
Other liabilities	175	-	-	175
<b>TOTAL LIABILITIES</b>	<b>310</b>	<b>-</b>	<b>444</b>	<b>754</b>

December 31, 2024	Interest-free	With floating interest %	With fixed interest %	total
Cash and cash equivalents	-	-	4 778	4 778
Long-term loans granted to related parties	-	1 073	-	1 073
Receivables from related companies	4 081	-	4 787	8 868
Trade receivables	1 376	-	-	1 376
<b>TOTAL ASSETS</b>	<b>5 457</b>	<b>1 073</b>	<b>9 565</b>	<b>16 095</b>
Lease liabilities	-	-	157	157
Trade payables	174	-	-	174
Other liabilities	295	-	-	295
<b>TOTAL LIABILITIES</b>	<b>469</b>	<b>-</b>	<b>157</b>	<b>626</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 trade receivables. 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 dividends from 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 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 companies and trade receivables the simplified method is applied, as the percentages are determined based on historical data.

As of December 31, 2025 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, 2025 and December 31, 2024 is presented below:

	<u>As of December 31, 2025</u>	<u>As of December 31, 2024</u>
Cash and cash equivalents	596	4 778
Long-term loans granted to related parties	1 116	1 073
Receivables from related parties	105 044	8 868
Trade receivables	1	1 376
<b>Total financial assets</b>	<b><u>106 757</u></b>	<b><u>16 095</u></b>

The staging of the financial assets of the Company as of December 31, 2025, and December 31, 2024 is presented in the table below:

	<u>As of December 31, 2025</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
<b>Financial assets</b>				
Cash and cash equivalents	596	-	-	596
Long-term loans granted to related parties	1 116	-	-	1 116
Receivables from related parties	105 044	-	-	105 044
Trade receivables	1	-	-	1
<b>Total financial assets</b>	<b><u>106 757</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>106 757</u></b>
Impairment (ECL) of financial assets	-	-	-	-
<b>Financial assets, net of impairment</b>	<b><u>106 757</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>106 757</u></b>
	<u>As of December 31, 2024</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
<b>Financial assets</b>				
Cash and cash equivalents	4 778	-	-	4 778
Long-term loans granted to related parties	1 073	-	-	1 073
Receivables from related parties	8 868	-	-	8 868
Trade receivables	1 376	-	-	1 376
<b>Total financial assets</b>	<b><u>16 095</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>16 095</u></b>
Impairment (ECL) of financial assets	-	-	-	-
<b>Financial assets, net of impairment</b>	<b><u>16 095</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>16 095</u></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><i>Gross carrying amount as of December 31, 2024</i></b>	<b>16 095</b>	-	-	<b>16 095</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	105 154	-	-	105 154
Maturity of financial assets	(14 492)	-	-	(14 492)
<b><i>Gross carrying amount as of December 31, 2025</i></b>	<b>106 757</b>	-	-	<b>106 757</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><i>Gross carrying amount as of December 31, 2023</i></b>	<b>16 989</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	34 196	-	-	34 196
Maturity of financial assets	(35 090)	-	-	(35 090)
<b><i>Gross carrying amount as of December 31, 2024</i></b>	<b>16 095</b>	-	-	<b>16 095</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.

December 31, 2025	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 cash equivalents	-	-	-	-	-	-	-	596	596
Long-term loans granted to related parties	-	-	-	-	-	1 116	-	-	1 116
Receivables form related parties	-	98 409	-	6 635	-	-	-	-	105 044
Trade receivables	1	-	-	-	-	-	-	-	1
<b>TOTAL ASSETS</b>	<b>1</b>	<b>98 409</b>	<b>-</b>	<b>6 635</b>	<b>-</b>	<b>1 116</b>	<b>-</b>	<b>596</b>	<b>106 757</b>
Lease liabilities	10	17	26	53	108	138	92	-	444
Trade payables	135	-	-	-	-	-	-	-	135
Other liabilities	10	20	30	115	-	-	-	-	175
<b>TOTAL LIABILITIES</b>	<b>155</b>	<b>37</b>	<b>56</b>	<b>168</b>	<b>108</b>	<b>138</b>	<b>92</b>	<b>-</b>	<b>754</b>

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 cash equivalents	-	-	-	-	-	-	-	4 778	4 778
Long-term loans granted to related parties	-	-	-	-	-	1 073	-	-	1 073
Receivables form related parties	-	4 004	-	4 864	-	-	-	-	8 868
Trade receivables	36	-	-	1 340	-	-	-	-	1 376
<b>TOTAL ASSETS</b>	<b>36</b>	<b>4 004</b>	<b>-</b>	<b>6 204</b>	<b>-</b>	<b>1 073</b>	<b>-</b>	<b>4 778</b>	<b>16 095</b>
Lease liabilities	4	7	11	22	113	-	-	-	157
Trade payables	130	-	44	-	-	-	-	-	174
Other liabilities	10	20	30	235	-	-	-	-	295
<b>TOTAL LIABILITIES</b>	<b>144</b>	<b>27</b>	<b>85</b>	<b>257</b>	<b>113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>626</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 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, 2025</b>	<b>December 31, 2024</b>
Total debt capital	<b>1 834</b>	<b>816</b>
Less: cash and cash equivalents	596	4 778
<b>Net debt capital</b>	<b>1 238</b>	<b>(3 962)</b>
Total equity	122 916	30 743
Total capital	124 154	26 781
<b>Debt ratio</b>	<b>1.48%</b>	<b>0.00%</b>

The Company's debt as of December 31, 2025 is 1.48% of the capital. As of the end of 2024, the Company has no debt, as the amount of cash is higher than the debt capital.

### 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 3.09 from the Notes to the separate financial statements.

The Company's management has considered 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 December 31, 2025</b>	<u><b>Book value</b></u>	<u><b>Level 1</b></u>	<u><b>Level 2</b></u>	<u><b>Level 3</b></u>
<b>Financial assets</b>				
Cash and cash equivalents	596	-	596	-
Loans granted to related parties	1 116	-	-	-
Receivables from related parties	105 044	-	-	-
Trade receivables	1	-	-	-
<b>Total financial assets</b>	<b>106 757</b>	<b>-</b>	<b>596</b>	<b>-</b>
<b>Financial liabilities</b>				
Lease liabilities	444	-	444	-
Trade payables	135	-	-	-
Other liabilities	175	-	-	-
<b>Total financial liabilities</b>	<b>754</b>	<b>-</b>	<b>444</b>	<b>-</b>

<b>As of December 31, 2024</b>	<b><u>Book value</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
<b>Financial assets</b>				
Cash and cash equivalents	4 778	-	4 778	-
Loans granted to related parties	1 073	-	-	-
Receivables from related parties	8 868	-	-	-
Trade receivables	1 376	-	-	-
<b>Total financial assets</b>	<b>16 095</b>	<b>-</b>	<b>4 778</b>	<b>-</b>
<b>Financial liabilities</b>				
Lease liabilities	157	-	153	-
Trade payables	174	-	-	-
Other liabilities	295	-	-	-
<b>Total financial liabilities</b>	<b>626</b>	<b>-</b>	<b>153</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 parties (loans granted, including), trade payables 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

Pursuant to the Introduction of the Euro in the Republic of Bulgaria Act, as of January 1, 2026, the euro is the official currency and legal tender in Bulgaria. The fixed conversion rate is set at BGN 1.95583 for one euro. The introduction of the euro as the official currency in the Republic of Bulgaria represents a change in the functional (reporting) currency, which will be accounted for prospectively and does not represent an event after the reporting period which requires adjustment in the financial statements.

In March 2026, subsequent to the date of the separate financial statements, the escalation of military actions in the Middle East led to significant geopolitical uncertainty in the region.

As of the date of these separate financial statements, management is analyzing the potential impact of these events on the Company's operations. Given the nature and timing of the events, management considers, at this stage, that the event has no material impact on the results of the Company and its subsidiaries, nor a foreseeable future impact, as an insignificant portion of the subsidiaries' revenue is derived from customers in the region.

Management will continue to monitor the development of the situation and will take the necessary actions in the event of any material impact.

Except from those disclosed, no other events have occurred after the date of the separate financial statements that would have a significant impact on the separate financial statements of Shelly Group SE as of or for the year ended December 31, 2025.

## INDEPENDENT AUDITOR'S REPORT

To the shareholders of SHELLY GROUP SE

### REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying separate financial statements of SHELLY GROUP SE (the Company), which comprise the separate statement of financial position as at December 31, 2025, and the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2025, and its separate financial performance and its separate cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union (EU).

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period.

We have determined that there are no key audit matters to communicate in our report.

#### Information Other than the Separate Financial Statements and Auditor's Report Thereon

The Board of Directors of the Company (Management) is responsible for the other information. The other information comprises the annual separate report on the activity, the corporate governance declaration and the report on the implementation of the remuneration policy, prepared by the management in accordance with Chapter Seven of the Accountancy Act, but does not include the separate financial statements and our auditor's report thereon.

Делойт се отнася към едно или повече дружества - членове на Делойт Туш Томацу Лимитид („ДТТЛ“), както и към глобалната мрежа от дружества – членове и свързаните с тях дружества (заедно наричани „организацията на Делойт“). ДТТЛ (наричано също „Делойт Глобал“) и всяко дружество – член и неговите свързани дружества са юридически самостоятелни и независими лица, които не могат да поемат задължения или да се обвързват взаимно по отношение на трети страни. ДТТЛ и всяко дружество член на ДТТЛ и свързаните с него дружества са отговорни единствено и само за своите собствени действия и бездействия, но не и за тези на останалите. ДТТЛ не предоставя услуги на клиенти. Моля, посетете [www.deloitte.com/about](http://www.deloitte.com/about), за да научите повече.

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Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless it is not specifically stated in our auditor's report and to the extent it is specifically stated.

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

We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements**

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

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Company (Those charged with governance) is responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Separate Financial Statements**

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Reporting in relation to the compliance with the electronic format of the separate financial statements, included in the annual separate financial report on activities under Art. 100m, para 4 of the Public Offering of Securities Act (POSA) with the requirements of the ESEF Regulation**

In addition to our reporting responsibilities according to ISAs described in the section above *Auditor's Responsibilities for the Audit of the Separate Financial Statements*, we performed the procedures in accordance with the Guidelines on the issuing of audit opinion with respect to the application of the European Single Electronic Format (ESEF) to the financial statements of companies which securities are admitted to trading on a regulated market in the European Union (EU) by the Professional Organization of the Registered Auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). These procedures are related to the verification of the structure and whether the human readable part of this electronic format corresponds to the audited separate financial statements and issuing an opinion on the compliance of the electronic format of the separate financial statements of SHELLY GROUP AD for the year ending on December 31, 2025, attached in the electronic file "8945007IDGKD0KZ4HD95-20251231-EN-SEP.xhtml", with the requirements of the Commission Delegated Regulation (EU) 2019/815 from December 17, 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council by means of regulatory technical standards to define the European Single Electronic Format for reporting (ESEF Regulation). Based on these requirements, the electronic format of the separate financial statements included in the annual financial report on activities under Art. 100m, para. 4 of POSA, should be presented in XHTML format.

The Management of the Company is responsible for the application of the requirements of the ESEF Regulation in preparing the electronic format of the separate financial statements in XHTML.

Our report covers only the electronic format of the separate financial statements, attached in the electronic file "8945007IDGKD0KZ4HD95-20251231-EN-SEP.xhtml" and does not cover the other information, included in the annual separate financial report on activities under Art. 100m, para. 4 of the POSA.

Based on the procedures performed in our opinion, the electronic format of the separate financial statements of the Company for the year ended December 31, 2025, contained in the attached electronic file "8945007IDGKD0KZ4HD95-20251231-EN-SEP.xhtml", has been prepared in all material respects in accordance with the requirements of the ESEF Regulation.

### **Additional Matters Required to be Reported by the Accountancy Act and Public Offering of Securities Act (POSA)**

In addition to our reporting responsibilities according to ISAs described in section *Information Other than the Separate Financial Statements and Auditor's Report Thereon*, with respect to the annual separate report on the activity, the corporate governance declaration and the report on the implementation of the remuneration policy, we have also performed the procedures, together with the required under ISAs, in accordance with the Guidelines regarding new extended reports and communication by the auditor of the Professional Organization of Registered Auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). These procedures include tests over the existence, form and content of the other information in order to assist us in forming an opinion as to whether the other information includes the disclosures and reporting as required by Chapter Seven of the Accountancy Act and the Public Offering of Securities Act (Art. 100m, paragraph 10 of POSA in relation to Art. 100m, paragraph 8, p. 3 and 4 of POSA, as well as Art. 100m, paragraph 15 of POSA in relation to Art. 116c, paragraph 1 of POSA), applicable in Bulgaria.

### **Opinion under Art. 37, paragraph 6 of the Accountancy Act**

Based on the procedures performed, in our opinion:

- The information included in the annual separate report on the activity for the financial year for which the separate financial statements have been prepared, is consistent with the separate financial statements.
- The annual separate report on the activity has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and of Art. 100m, paragraph 7 of the Public Offering of Securities Act.
- The information required by Chapter Seven of the Accountancy Act and Art. 100m, paragraph 8 of the Public Offering of Securities Act is presented in the corporate governance declaration covering the financial year for which the separate financial statements have been prepared.
- The report on the implementation of the remuneration policy, covering the financial year for which the separate financial statements have been prepared, has been provided and meets the requirements defined in the Ordinance referred to in Art. 116c, paragraph 1 of the Public Offering of Securities Act.

## **Opinion under Art. 100m, paragraph 10 in relation to Art. 100m, paragraph 8, p. 3 and 4 of the Public Offering of Securities Act**

Based on the procedures performed and as a result of the acquired knowledge and understanding of the Company and the environment in which it operates, acquired during our audit, in our opinion, the description of the main features of the Company's internal control and risk management systems in relation to the financial reporting process as part of the annual separate report on the activity (as element of the content of the corporate governance declaration) and the information under Art. 10, paragraph 1, letter "c", "d", "f", "h" and "i" of the Directive 2004/25/EC of the European Parliament and of the EU Council of April 21, 2004 related to takeover bids do not contain cases of material misrepresentations.

## **Additional Reporting in Relation to the Audit of the Separate Financial Statements under Art. 100m, paragraph 4, p. 3 of the Public Offering of Securities Act**

### *Reporting in relation to Art. 100m, paragraph 4, p. 3, l. "b" of the Public Offering of Securities Act*

Information on related party transactions is disclosed in Note 6 to the accompanying separate financial statements. Based on the procedures performed on related party transactions in the context of our audit of the separate financial statements as a whole, nothing has come to our attention indicating that the related party transactions are not disclosed in the accompanying separate financial statements for the year ended December 31, 2025, in all material respects, in accordance with the requirements of IAS 24 Related Party Disclosures. We have considered the results of our audit procedures on related party transactions in forming our opinion on the separate financial statements as a whole and not for the purpose of providing a separate opinion on the related party transactions.

### *Reporting in relation to Art. 100m, paragraph 4, p. 3, l. "c" of the Public Offering of Securities Act*

Our responsibilities for the audit of the separate financial statements described in section *Auditor's Responsibilities for the Audit of the Separate Financial Statements* include evaluating whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Based on the procedures performed on the material transactions underlying the separate financial statements for the year ended December 31, 2025, nothing has come to our attention indicating any instances of material unfair presentation and disclosure under the applicable IFRS Accounting Standards as adopted by the EU. We have considered the results of our audit procedures on the material transactions underlying the separate financial statements in forming our opinion on the separate financial statements as a whole and not for the purpose of providing a separate opinion on these material transactions.

## **Reporting in Accordance with Art. 10 of Regulation (EU) No 537/2014 in Connection with the Requirements of Art. 59 of the Independent Financial Audit and Assurance of Sustainability Reporting Act**

In accordance with the requirements of the Independent Financial Audit and Assurance of Sustainability Reporting Act in connection with Art. 10 of Regulation (EU) No 537/2014, we hereby additionally report the information stated below.

- Deloitte Audit OOD was appointed as a statutory auditor of the separate financial statements of the Company for the year ended December 31, 2025 by the General Meeting of Shareholders held on June 2, 2025 for a period of one year.
- The audit of the separate financial statements of the Company for the year ended December 31, 2025 represents fourth total consecutive statutory audit engagement for that entity carried out by us.
- We hereby confirm that the audit opinion expressed by us is consistent with the additional report provided to the Company's Audit Committee on March 18, 2026, in compliance with the requirements of Art. 60 of the Independent Financial Audit and Assurance of Sustainability Reporting Act.

- We hereby confirm that no prohibited non-audit services referred to in Art. 64 of the Independent Financial Audit and Assurance of Sustainability Reporting Act were provided.
- We hereby confirm that in conducting the audit we have remained independent of the Company.
- For the period to which our statutory audit refers, we have provided to the Company in addition to the statutory audit, the following services which have not been disclosed in Company's annual separate report on the activity or financial statements:
  - Training related to the requirements of IFRS accounting standards as adopted by the European Union;
  - Translation of the separate financial statements, the annual separate report on the activity, the corporate governance declaration and the report on the implementation of the remuneration policy of the Company for 2025 from Bulgarian into English.

Deloitte Audit OOD  
Registration number: 033

Desislava Dinkova  
Statutory Manager  
Registered Auditor, in charge of the audit

4, Mihail Tenev Str.  
1784 Sofia, Bulgaria

**To  
The shareholders of  
SHELLY GROUP SE**

## **DECLARATION**

***Under art. 100m, para 4, p. 3  
of the Public Offering of Securities Act***

### ***The undersigned:***

Desislava Dinkova, in my capacity of:

- Statutory Manager of audit firm Deloitte Audit OOD, with UIC 121145199, with a seat and management address in Sofia 1784, 4, Mihail Tenev Str., and correspondence address in Sofia 1784, 4, Mihail Tenev Str., and

- Registered auditor (with reg. № 67 of the register of CPOSA under art. 20 of the Independent Financial Audit and Assurance of Sustainability Reporting Act), responsible for the audit engagement performed by the audit firm Deloitte Audit OOD (with reg. № 033 the register of CPOSA under art. 20 of the Independent Financial Audit and Assurance of Sustainability Reporting Act),

### **Declare that:**

Deloitte Audit OOD was engaged to perform statutory financial audit of the separate financial statements of SHELLY GROUP SE for 2025, prepared in accordance with the IFRS accounting standards, as endorsed by EU, generally accepted name of accounting framework, as defined in art. 8 of the additional provisions of the Accountancy Act with name "International accounting standards". As a result of our audit we issued audit report dated March 18, 2026.

***Hereby I declare that as reported in our auditor's report regarding the separate financial statements of SHELLY GROUP SE for 2025, issued on March 18, 2026, that:***

- 1. Art. 100m, para 4, p. 3, l. "a" Audit opinion:*** In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2025, and its separate financial performance and its separate cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union (EU). *(page 1 of the auditor's report);*

Делойт се отнася към едно или повече дружества - членове на Делойт Туш Томацу Лимитид („ДТТЛ“), както и към глобалната мрежа от дружества – членове и свързаните с тях дружества (заедно наричани „организацията на Делойт“). ДТТЛ (наричано също „Делойт Глобал“) и всяко дружество – член и неговите свързани дружества са юридически самостоятелни и независими лица, които не могат да поемат задължения или да се обвързват взаимно по отношение на трети страни. ДТТЛ и всяко дружество член на ДТТЛ и свързаните с него дружества са отговорни единствено и само за своите собствени действия и бездействия, но не и за тези на останалите. ДТТЛ не предоставя услуги на клиенти. Моля, посетете [www.deloitte.com/about](http://www.deloitte.com/about), за да научите повече.

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2. **Art. 100m, para 4, p. 3, l. “b” Information regarding SHELLY GROUP SE related party transactions.** Information on related party transactions is disclosed in Note 6 to the accompanying separate financial statements. Based on the procedures performed on related party transactions in the context of our audit of the separate financial statements as a whole, nothing has come to our attention indicating that the related party transactions are not disclosed in the accompanying separate financial statements for the year ended December 31, 2025, in all material respects, in accordance with the requirements of IAS 24 Related Party Disclosures. We have considered the results of our audit procedures on related party transactions in forming our opinion on the separate financial statements as a whole and not for the purpose of providing a separate opinion on the related party transactions. *(page 5 of the auditor’s report).*
  
3. **Art. 100m, para 4, p. 3, l. “c” Information regarding material transactions.** Our responsibilities for the audit of the separate financial statements described in section *Auditor’s Responsibilities for the Audit of the Separate Financial Statements* include evaluating whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Based on the procedures performed on the material transactions underlying the separate financial statements for the year ended December 31, 2025, nothing has come to our attention indicating any instances of material unfair presentation and disclosure under the applicable IFRS Accounting Standards as adopted by the EU. We have considered the results of our audit procedures on the material transactions underlying the separate financial statements in forming our opinion on the separate financial statements as a whole and not for the purpose of providing a separate opinion on these material transactions. *(page 5 of the auditor’s report).*

***The declarations made in the current declaration should be considered only in the context of our auditor’s report regarding the performed independent financial audit of the annual separate financial statements of SHELLY GROUP SE for the reporting period ended December 31, 2025, dated March 18, 2026. This declaration is intended only for the above stated addressee and is prepared solely and only for the purpose of complying with the requirements of Art. 100m, para 4, p.3 of the Public Offering of Securities Act (POSA) and should not be accepted as replacement of our conclusions, included in our auditor’s report, dated March 18, 2026 regarding the matters, as scoped by art. 100m, para 4, p. 3 of POSA.***

March 18, 2026

Sofia

For audit firm Deloitte Audit OOD:

**Desislava Dinkova**  
**Statutory Manager**  
**Registered Auditor, in charge of the audit**