SHELLY GROUP SE

INTERIM SEPARATE FINANCIAL STATEMENTS

30 JUNE 2026

All amounts are in thousand EUR unless otherwise stated

	Note	June 30, 2026	December 31, 2025
ASSETS			
Non-current assets			
Right-of-use assets	4.01	197	225
Intangible assets		1	2
Investments in subsidiaries	4.02	7 927	7 927
Investments in associates	4.03	100	100
Loans granted to related parties	6.02	580	571
Deferred tax assets	4.04	821	821
Total non-current assets		**9 626**	**9 646**
Current assets			
Receivables from related parties	6.02	53 036	53 708
Trade receivables	4.05	-	1
Other receivables	4.06	17	34
Cash and cash equivalents	4.07	96	305
Prepaid expenses	4.08	80	91
Total current assets		**53 229**	**54 139**
TOTAL ASSETS		**62 855**	**63 785**

Date: July 30, 2026

Preparer: SILVIYA IVANOVA TOMOVA
Digitally signed by SILVIYA IVANOVA TOMOVA
Date: 2026.07.30 16:03:00 +03'00'
/Silviya Ivanova Tomova/

Executive Director: Dimitar Stoyanov Dimitrov
Digitally signed by Dimitar Stoyanov Dimitrov
Date: 2026.07.30 16:39:00 +03'00'
/Dimitar Stoyanov Dimitrov/

All amounts are in thousand EUR a unless otherwise stated

	Note	June 30, 2026	December 31, 2025
LIABILITIES			
Non-current liabilities			
Lease liabilities	4.01	146	173
Payables to employees and social security obligations	4.11	403	163
Retirement benefit obligations	4.09	86	86
Total non-current liabilities		**635**	**422**
Current liabilities			
Lease liabilities	4.01	54	54
Trade payables	4.10	19	69
Payables to employees and social security obligations	4.11	277	291
Tax payables	4.12	12	13
Other liabilities	4.13	2 425	89
Total current liabilities		**2 787**	**516**
TOTAL LIABILITIES		**3 422**	**938**
EQUITY			
Share capital	4.14	9 261	9 284
Retained earnings	4.15	39 149	42 543
Legal reserves	4.16	929	926
Premium reserve	4.17	2 762	2 762
Share based payments reserve	4.19	7 384	7 384
Reserves from revaluation of defined benefits plans	4.18	(52)	(52)
TOTAL EQUITY		**59 433**	**62 847**
TOTAL EQUITY AND LIABILITIES		**62 855**	**63 785**

Date: July 30, 2026

Preparer: SILVIYA IVANOVA TOMOVA
Digitally signed by SILVIYA IVANOVA TOMOVA
Date: 2026.07.30 16:03:14 +03'00'
/Silviya Ivanova Tomova/

Executive Director: Dimitar Stoyanov Dimitrov
Digitally signed by Dimitar Stoyanov Dimitrov
Date: 2026.07.30 16:39:20 +03'00'
/Dimitar Stoyanov Dimitrov/

All amounts are in thousand EUR unless otherwise stated

	Note	June 30, 2026	June 30, 2025 (reclassified)
Other operating income	5.01	217	30
Administrative expenses	5.02	(1 174)	(884)
Other expenses	5.01	(123)	(166)
Profit from operating activity		**(1 080)**	**(1 020)**
Finance income	5.03	32	25
Finance expense	5.04	(5)	(14)
Profit/(Loss) before tax		**(1 053)**	**(1 009)**
Income tax benefit		-	-
Net profit/(loss)		**(1 053)**	**(1 009)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(1 053)**	**(1 009)**
Earnings per share in EUR	5.05	**(0.06)**	**(0.06)**
Weighted average number of shares		18 158 060	18 105 559

Date: July 30, 2026

Preparer: SILVIYA IVANOVA TOMOVA Digitally signed by SILVIYA IVANOVA TOMOVA Date: 2026.07.30 16:03:27 +03'00'
/Silviya Ivanova Tomova/

Executive Director: Dimitar Stoyanov Dimitrov Digitally signed by Dimitar Stoyanov Dimitrov Date: 2026.07.30 16:39:36 +03'00'
/Dimitar Stoyanov Dimitrov/

All amounts are in thousand EUR unless otherwise stated

	Note	Share capital	Retained earnings	Premium reserve	Share based payments reserve	Legal reserves	Reserve from revaluation of defined benefits plans	**Total**
Balance at January 1, 2025		**9 257**	**2 803**	**2 762**	-	**923**	**(27)**	**15 718**
Total comprehensive income for the year, incl.:		-	**42 096**	-	**-**	-	**(25)**	**42 071**
Profit for the year		-	*42 096*	-	-	-	-	***42 096***
Actuarial loss from defined benefit plans		-	-	-	-	-	(25)	**(25)**
Share based payments		-	-	-	7 384	-	-	**7 384**
Increase of share capital		27	-	-	-	-	-	**27**
Transfer to reserves		-	(3)	-	-	3	-	**-**
Distribution of dividends		-	(2 353)	-	-	-	-	**(2 353)**
Balance at December 31, 2025	4.14, 4.15, 4.16, 4.17, 4.18, 4.19	**9 284**	**42 543**	**2 762**	7 384	**926**	**(52)**	**62 847**
Balance at January 1, 2026		**9 284**	**42 543**	**2 762**	**7 384**	**926**	**(52)**	**62 847**
Total comprehensive income for the period, incl.:		-	**(1 053)**	-	**-**	-	**-**	**(1 053)**
Profit/(loss) for the period		-	*(1 053)*	-	-	-	-	***(1 053)***
Transfer to reserves		-	*(3)*	-	-	3	-	**-**
Effect of share capital currency conversion		(23)	23	-	-	-	-	**-**
Distribution of dividends		-	(2 361)	-	-	-	-	**(2 361)**
Balance at June 30, 2026	4.14, 4.15, 4.16, 4.17, 4.18, 4.19	**9 261**	**39 149**	**2 762**	**7 384**	**929**	**(52)**	**59 433**

Date: July 30, 2026

SILVIYA IVANOVA TOMOVA Digitally signed by SILVIYA IVANOVA TOMOVA Date: 2026.07.30 16:03:40 +03'00'

Preparer:
/Silviya Ivanova Tomova/

Dimitar Stoyanov Dimitrov Digitally signed by Dimitar Stoyanov Dimitrov Date: 2026.07.30 16:39:55 +03'00'

Executive Director:
/Dimitar Stoyanov Dimitrov/

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 interim separate financial statements.

All amounts are in thousand EUR unless otherwise stated

	6 months of 2026	6 months of 2025
Cash flows from operating activities		
Proceeds from customers	27	20
Payments to suppliers	(398)	(492)
Taxes reimbursed	60	(9)
Payments to employees and social security institutions	(581)	(527)
Other payments, net	(1)	(2)
Net cash flows used in operating activities	**(893)**	**(1 010)**
Cash flows from investing activities		
Purchase of investments	(26)	(405)
Dividends received	740	2 045
Loans granted	-	(383)
Proceeds from sale of investments	-	160
Net cash flows from investing activities	**714**	**(1 417)**
Cash flows from financing activities		
Lease payments	(30)	(18)
Net cash flows used in financing activities	**(30)**	**(18)**
Effect of change in exchange rates	-	(13)
Net change in cash and cash equivalents	**(209)**	**(376)**
Cash and cash equivalents at the beginning of the year	305	2 443
Cash and cash equivalents at the end of the year	**96**	**2 818**

Date: July 30, 2026

Preparer: SILVIYA IVANOVA TOMOVA Digitally signed by SILVIYA IVANOVA TOMOVA Date: 2026.07.30 16:03:53 +03'00'
/Silviya Ivanova Tomova/

Executive Director: Dimitar Stoyanov Dimitrov Digitally signed by Dimitar Stoyanov Dimitrov Date: 2026.07.30 16:40:15 +03'00'
/Dimitar Stoyanov Dimitrov/

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 interim separate financial statements.

CONTENTS

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 30.06.2026, 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 interim separate financial statements have been prepared in accordance with the requirements of the International Accounting Standards (IAS), published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU). As of June 30, 2026 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, 2026, 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 interim separate financial statements.
The management has reviewed the changes in the existing accounting standards effective from January 1, 2026 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 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;

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:

- **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 interim 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 interim 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 end of reporting period 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 June 30, 2026, the Company owns two subsidiaries registered in the country, five subsidiaries abroad and one local associated company. In these interim 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 interim separate financial statements should read them together with the Company's consolidated financial statements for the period ended June 30, 2026, 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. According to the Law on the Introduction of the Euro in the Republic of Bulgaria, as of January 1, 2026, the official currency and legal tender in the Republic of Bulgaria is the euro. The fixed exchange rate is 1.95583 leva for 1 euro. In this regard, from the beginning of 2026, the functional currency and the presentation currency of the company's financial statements is the euro.

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

2.6. Foreign currency

Foreign currency transactions are initially reported at the reference exchange rate of the euro to the relevant foreign currency, published by the Bulgarian National Bank on its website 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, 2025, and June 30, 2026 are reported in these financial statements at the closing exchange rate of the BNB and ECB, respectively, as of December 31, 2025 - 1.1757 USD за 1 EUR and BGN 1.95583 for 1 EUR and as of June 30, 2026 – 1.1394 USD for 1 EUR.

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 interim 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 reporting periods are set out below.

In preparing these interim individual financial statements, significant management judgments in applying the company's accounting policies and the main sources of uncertainty of accounting estimates do not differ from those disclosed in the company's annual individual financial statements as of 31.12.2025. The main sources of uncertainty remain and apart the current macroeconomic environment and the development of the geopolitical situation throughout 2026 as the date of preparation of these separate financial statements a specific focus has been 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. The actuarial valuation is prepared once a year at the end of the year, respectively as of 30.06.2026, such actuarial valuation has not been prepared. (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. As of January 1, 2026, the official currency and legal tender in the Republic of Bulgaria is the euro. All comparative data for previous periods have been converted at the official fixed exchange rate of 1.95583 leva per 1 euro. The differences resulting from rounding or currency translation are reflected in this interim report in accordance with the requirements of the Law on the Introduction of the Euro in the Republic of Bulgaria. The Company has not realized a significant effect from the translation into euro of the opening balances as of January 1, 2026 in connection with a change in the functional (reporting) currency.

These interim individual financial statements for the period ended June 30, 2026 are prepared in euro, as a result of the transition to euro, which is the functional currency of the Company, as of January 1, 2026. All amounts are presented in thousands of euros, including the comparative information for 2025, unless otherwise stated.

Comparative information for 2025 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 interim 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 interim 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 ECB 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 and as of 01.01.2026 it was recalculated into euro, which is its new functional and presentation currency. As a result of the currency translation, the Company reports an effect of 23 thousand euro in an increase in retained earnings, in accordance with the provisions of the law of Europe addoption.

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.

All amounts are in thousand euro unless otherwise stated UIC 201047670

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurs. In 2025 and first half of 2026 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	**Vehicles**	**Buildings**	**Total**
Cost 01.01.2025	**117**	**-**	**117**
Depreciation	**(37)**	**-**	**(37)**
Book value	**80**	**-**	**80**
Additions for the year	80	100	180
Depreciation for the year	(32)	(1)	(33)
Disposals for the year	(3)	-	-
Depreciation written-off	1	-	1
Book value at 31.12.2025	**126**	**99**	**225**
Cost	**194**	**100**	**294**
Depreciation	**(68)**	**(1)**	**(69)**
Book value 31.12.2025	**126**	**99**	**225**
Cost 01.01.2026	**194**	**100**	**294**
Depreciation	**(68)**	**(1)**	**(69)**
Book value 01.01.2026	**126**	**99**	**225**
Additions for the period	-	-	-
Depreciation for the period	(6)	(22)	(28)
Disposals for the period	-	-	-
Depreciation written-off	-	-	-
Book value at 30.06.2026	**120**	**77**	**197**
Cost	**194**	**100**	**294**
Depreciation	**(74)**	**(23)**	**(97)**
Book value at 30.06.2026	**120**	**77**	**197**

All amounts are in thousand euro unless otherwise stated UIC 201047670

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 interim separate statement of financial position right-of-use assets with a book value of EUR 197 thousand.

Present value of the lease liability:

	June 30, 2026	December 31, 2025
Shelly Europe EOOD including		
- *up to 1 year*	*54*	*54*
- *over 1 year*	*146*	*173*
Total lease liability	**200**	**227**

	June 30, 2026	June 30, 2025
Total amount of leasing payment for the period	(30)	(18)
Interest expense under lease contracts	(3)	(2)

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 %	June 30, 2026	Share in capital %	December 31, 2025
Shelly Trading EOOD	100	1	100	1
Shelly Europe EOOD	100	3,579	100	3,579
Shelly USA Inc., USA*	100	249	100	249
Shelly DACH GmbH, Germany	100	500	100	500
Shelly Tech d.o.o., Slovenia	76	2700	76	2700
Shelly Asia Ltd., China	80	524	80	524
Shelly Poland SP. Z O O.	100	374	100	374
Total investments in subsidiaries		**7,927**		**7,927**

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.

All amounts are in thousand euro unless otherwise stated UIC 201047670

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 374 thousand euro (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 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

	June 30, 2026	December 31, 2025
Deferred tax on accrued costs	71	71
Deferred tax on unused paid leave	3	3
Deferred tax on pensions cost	9	9
Deferred tax on share-based payments	738	738
Total deferred tax assets	**821**	**821**

4.05.Trade receivables

	June 30, 2026	December 31, 2025
Advances to suppliers	-	1
Total trade receivables	**-**	**1**

Trade receivables are in the following currencies:

	June 30, 2026	December 31, 2025
By types of currency		
in BGN	-	1
in EUR	-	-
Total trade receivables	**-**	**1**

4.06.Other receivables

	June 30, 2026	December 31, 2025
VAT receivable	17	34
Total other receivables:	**17**	**34**

All amounts are in thousand euro unless otherwise stated UIC 201047670

4.07.Cash and cash equivalents

	June 30, 2026	December 31, 2025
Cash, including	**1**	**1**
Cash in BGN	-	1
Cash in EUR	1	-
Cash in current bank accounts, including	**95**	**304**
Current bank account in BGN	-	160
Current bank account in EUR	67	-
Current bank account in foreign currency	23	88
Cash equivalents	5	56
Total cash and cash equivalents	**96**	**305**

By currency	June 30, 2026	December 31, 2025
in BGN	-	218
in USD	72	22
in EUR	24	65
Total cash and cash equivalents	**96**	**305**

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 interim separate financial statements of the Company as of June 30, 2026. Cash at bank accounts are held in three banks.

4.08. Prepaid expenses

	June 30, 2026	December 31, 2025
Insurances	3	24
Subscription to information services	70	15
Licenses	7	52
Total prepaid expenses	**80**	**91**

4.09.Retirement benefits obligations

As of December 31, 2025, the Company reports obligations for a defined benefit plan upon retirement of EUR 86 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:

	June 30, 2026	December 31, 2025
Liabilities at the beginning of the year	86	52
Liabilities paid during the year	-	-
Expenses recognized in profit or loss		
Current service cost	-	5
Financial costs on future liabilities	-	2

All amounts are in thousand euro unless otherwise stated UIC 201047670

Actuarial loss, recognized in other comprehensive income	**-**	**27**
Liabilities at the end of the period	**86**	**86**

	June 30, 2026	**December 31, 2025**
Present value of the liability	86	59
Recognized actuarial losses	-	27
Liabilities at the end of the period	**86**	**86**

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. Trade payables

	June 30, 2026	**December 31, 2025**
Suppliers	19	69

By currency	**June 30, 2026**	**December 31, 2025**
in BGN	-	64
in USD	-	-
in EUR	19	5
Total trade payables	**19**	**69**

4.11.Payables to employees and social security obligations

	June 30, 2026	**December 31, 2025**
Liabilities for non-used paid leaves	28	28
Liabilities under labor contracts	-	14
Management bonus payables	647	407
Social security and health contributions	4	4
Social security contributions on non-used paid leaves	1	1
Total payables to employees and social security obligations	**680**	**454**

The liabilities of EUR 407 thousand related to the management bonus for 2025 were approved by the General Meeting of Shareholders held on June 29, 2026. The Company has accrued a management bonus for the first half of 2026 in the amount of EUR 240 thousand.

All amounts are in thousand euro unless otherwise stated UIC 201047670

4.12.Tax liabilities

	June 30, 2026	December 31, 2025
Personal income tax	12	11
Other taxes	-	2
Total tax liabilities	**12**	**13**

4.13. Other liabilities

	June 30, 2026	December 31, 2025
Payables for dividends	**2 361**	**-**
Payables for participation to individuals	64	89
Total other liabilities	**2 425**	**89**

4.14.Share capital

SHELLY GROUP SE is registered in 2010. The registered capital of the Company as of June 30, 2026, amounts to 9 261 thousand euro and is distributed in 18 158 060 ordinary registered shares with value of 0.51 euro each. The conversion of the share capital into euros was made according to the rules set out in the law on the introduction of the euro in the Republic of Bulgaria for the purposes and presentation in this report. As of the date of preparation of the report, the conversion has not yet been reflected in the Commercial Register, and the deadline for this is until 31.12.2026.

As of 30.06.2026 and as of 31.12.2025 the registered capital is fully paid up.

As of June 30, 2026, the shareholders in the Company are:

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

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

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

4.15.Retained earnings

	June 30, 2026	December 31, 2025
Retained earnings in the beginning of the year	**42 543**	**2 803**
Profit for the year	(1 053)	42 096
Distribution of dividends	(2 361)	(2 353)
Transfer to reserves	(3)	(3)
Effect of share capital currency conversion	23	-
Retained earnings at the end of the period	**39 149**	**42 543**

All amounts are in thousand euro unless otherwise stated UIC 201047670

4.16.Legal reserves

	June 30, 2026	December 31, 2025
Legal reserves in the beginning of the year	926	923
Profits transferred to reserves	3	3
Legal reserves at the end of the period	**929**	**926**

4.17. Premium reserve

As of December 31, 2025 and June 30, 2026, the reserves from issue of shares of the Company amount to 2 762 thousand euro. They are formed by the excess of the proceeds from new shares issued in 2020 above their nominal value, amounting to 3 067 thousand euro, reduced by the costs related to the capital increase, amounting to 152 thousand euro and by 153 thousand euro that were transferred to Legal reserves by a decision of General Meeting of Shareholders held on June 28, 2021.

4.18. Reserves from revaluation of deferred benefits plans

	June 30, 2026	December 31, 2025
Balance at the beginning of the year	**(52)**	**(27)**
Loss as a result of actuarial revaluation of defined benefit plans	-	(28)
Deferred tax on actuarial loss	-	3
Balance at the end of the period	**(52)**	**(52)**

4.19. Share based payments reserve

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

	June 30, 2026	December 31, 2025
Balance at the beginning of the year	**7 384**	**-**
Share-based payments to management	-	7 384
Balance at the end of the period	**7 384**	**7 384**

5. Notes to the Statement of comprehensive income

5.01.Other operating income and expenses

	Six months 2026	Six months 2025
Income from management services	26	25
Foreign exchange rate gains	170	5
Other	21	-
Total other operating income	**217**	**30**

Shelly Asia in the amount of EUR 9 thousand (2025: EUR 10 thousand), Shelly DACH in the amount of EUR 11 thousand (2025: EUR 11 thousand) and Shelly Tech in the amount of EUR 6 thousand (2025: EUR 4 thousand).

	Six months 2026	Six months 2025 (reclassified)
Foreign exchange rate losses	(122)	(164)
Bank fees	(1)	(2)
Total other operating expenses	**(123)**	**(166)**

5.02.Administrative expenses

	Six months 2026	Six months 2025
Expenses for materials, including:	**(2)**	**(2)**
Office supplies, machinery and consumables	*(2)*	*(2)*
Expenses for hired services, including:	**(288)**	**(329)**
Office rent	*(3)*	*(4)*
Information services	*(27)*	*(66)*
Membership fees and subscriptions	-	*(1)*
Insurances and auto services	*(21)*	*(17)*
Consultancy, legal, accounting and audit services	*(203)*	*(183)*
Advertising and exhibitions	*(6)*	*(56)*
Taxes and fees	*(5)*	-
Other external services	*(23)*	*(2)*
Depreciation expense	**(28)**	**(18)**
Payroll expenses	**(801)**	**(514)**
Social security expenses	**(15)**	**(17)**
Other expenses	**(40)**	**(4)**
Total administrative expenses	**(1 174)**	**(884)**

5.03.Finance income

	Six months 2026	Six months 2025
Interest income	30	25
Net earnings on foreign exchange operations	2	-
Total finance income	**32**	**25**

5.04. Finance expenses

	Six months 2026	Six months 2025 (reclassified)
Interest expenses	(3)	(2)
Bank financial services	-	(1)
Foreign exchange operations expenses	(2)	(11)
Total finance expenses	**(5)**	**(14)**

5.05.Earnings per share

	Six months 2026	Six months 2025
Net profit for the reporting period in EUR’000	**(1 053)**	**(1 008)**
Weighted average number of shares	18 158 060	18 105 559
Earnings per share in EUR	**(0.06)**	**(0.06)**

All amounts are in thousand euro unless otherwise stated UIC 201047670

With the introduction of the euro as the official currency in the Republic of Bulgaria from 01.01.2026, the nominal value of one share becomes 0.51 euro. In the second quarter of 2026, there was no change in the number of issued shares of the company's capital.

In June 2025 the Company increased its share capital by issuing 52 501 new ordinary dematerialized registered voting shares with par value of 0.51 euro (BGN 1) each.

6. Transactions and balances with related parties

As of June 30, 2026 the related parties are as follows:

Company	Relationship
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 2026 the Company has carried out transactions with the following related parties:

Company	Relationship
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 EUR 938 thousand (USD 1 million) to its subsidiary Shelly USA Inc., with annual interest rate of 1.0%. The interest income accrued for the period ended June 30, 2026, on this transaction amounts to EUR 5 thousand.

On March 23, 2023, Shelly Group SE provided to its subsidiary Shelly Tech d.o.o a loan of EUR 500 thousand. The recognized interest income for the period ended June 30, 2026, on this transaction amounts to EUR 10 thousand.

On June 1, 2023, Shelly Group SE granted to Shelly Tech d.o.o an additional cash contribution at the amount of EUR 500 thousand at the following terms – repayment period within 1 year, annual interest rate 1%. The recognized interest income for the period ended June 30, 2026, on this transaction amounts to EUR 3 thousand.

On March 19, 2024, SHELLY GROUP SE granted to its subsidiary Shelly USA Inc. an additional cash contribution at the amount of EUR 390 thousand (USD 400,000). The interest income accrued for the period ended June 30, 2026, on this transaction amounts to EUR 4 thousand.

On May 14, 2024, the Board of Directors of SHELLY GROUP SE decided to provide an additional cash contribution at the amount of EUR 600 thousand 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 period ended June 30, 2026, on this transaction amounts to EUR 3 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 EUR 680 thousand (USD 700 thousand) for a period of one year at an annual interest rate of 1%. The interest income accrued for the period ended June 30, 2026, on this transaction amounts to EUR 3 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 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 interest income accrued for the period ended June 30, 2026, on this transaction amounts to EUR 6 thousand.

During the reporting period the Company provided management services to three of its subsidiaries - Shelly Asia at the amount of EUR 9 thousand, Shelly DACH at the amount of EUR 11 thousand and Shelly Tech at the amount of EUR 6 thousand.

All amounts are in thousand euro unless otherwise stated UIC 201047670

6.02.Receivables from related parties

	June 30, 2026	December 31, 2025
Shelly Europe EOOD, incl.:	**45 505**	**45 505**
Dividend Receivable	*45 505*	*45 505*
Shelly Trading EOOD, incl.:	**4 066**	**4 806**
Dividend Receivable	*4 066*	*4 806*
Shelly USA Inc., incl.	**1 925**	**1 869**
- Interest on additional cash contributions	*49*	*40*
- Funds provided for additional contributions	*1 876*	*1 829*
Shelly Tech d.o.o., incl.	**1 710**	**1 695**
- Interest on additional cash contributions	*29*	*23*
- Funds provided for additional contribution	*1 100*	*1 100*
- Interest on loans	*80*	*71*
- Loan provided	*500*	*500*
- Management services	*1*	*1*
Shelly Asia	**2**	**2**
- Management services	*2*	*2*
Shelly Poland	***406***	**401**
- Loan provided	*400*	*- 400*
- Interest on loan	*6*	*- 1*
Shelly DACH	**2**	**2**
- Management services	*2*	*2*
Total receivables from related parties incl.:	**53 616**	**54 280**
Non-current:	*580*	*571*
Current:	*53 036*	*53 709*

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

All amounts are in thousand euro unless otherwise stated UIC 201047670

Receivables from related companies are in the following currencies:

	June 30, 2026	December 31, 2025
By currency		
in BGN	-	50 313
in EUR	51 691	2 098
in USD	1 925	1 869
Total receivables from related parties	**53 616**	**54 280**

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 June 30, 2026, the present value of the lease liability recognized under these agreements amounts to EUR 200 thousand, of which current portion of EUR 54 thousand and non-current portion of EUR 146 thousand.

6.04. Key managerial personnel

During the first half of 2026 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 EUR 404 thousand (2025: EUR 404 thousand). The remuneration paid was in accordance with the Remuneration policy.

As of June 30, 2026 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 compensation

At the end of 2025, the Company recognizes a share-based payment obligation to its executive directors as a result of the share option scheme adopted in 2022 for the granting of remuneration in the form of share options to the executive members of the Board of Directors. Based on the objectives set out in the scheme and the Company's assessment of the extent to which these objectives have been achieved, the executive members are entitled to receive options to acquire 712,200 shares (out of a possible maximum total number of 890,250 shares). Following a decision of the General Meeting of Shareholders dated 29.06.2026, the fulfilment of the conditions for exercising the option packages and their number was confirmed. The method of payment of this remuneration has also been specified.

Annual cash bonus

All amounts are in thousand euro unless otherwise stated UIC 201047670

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 a variable cash remuneration (annual bonus), the amount of which depends on the financial results achieved for the 2025 financial year. The final amount of the bonus of 407 thousand euro was approved by the general meeting of shareholders on 29.06.2026 upon adoption of the audited consolidated financial statements of the Company for 2025.

According to the decision of the General meeting of Shareholders dated 29.06.2026 a decision was approved to pay an annual variable monetary remuneration to the executive members of the company, called "annual bonus" based on the results achieved in the financial year 2026. for the period from 01.01.2026 until 31.12.2026. For the first half of 2026, the company has accrued bonus based on minimum performance of the set annual bonus components in the amount of EUR 240 thousand.

7. Contingent liabilities and commitments

As of June 30, 2026 and December 31, 2025 the Company has no contingent liabilities and commitments.

8. Financial instruments by categories

The structure of the financial assets and liabilities as of June 30, 2026 and December 31, 2025 by categories is as follows:

	June 30, 2026			December 31, 2025		
	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
Financial assets according to the Statement of financial position						
Cash and cash equivalents	96	-	**96**	305	-	**305**
Long-term loans granted to related parties	-	580	**580**	**-**	571	**571**
Current receivables from related parties	-	53 036	**53 036**	**-**	53 708	**53 708**
Trade receivables	-	-	**-**	**-**	1	**1**
TOTAL FINANCIAL ASSETS	**96**	**53 616**	**53 712**	**305**	**54 280**	**54 585**

	June 30, 2026		December 31, 2025	
	Financial liabilities at amortized cost	Total	Financial liabilities at amortized cost	Total
Financial liabilities according to the Statement of financial position				
Lease liabilities	200	**200**	227	**227**
Trade payables	19	**19**	69	**69**
Other liabilities	2 425	**2 425**	89	**89**
TOTAL FINANCIAL LIABILITIES	**2 644**	**2 644**	**385**	**385**

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 Directors 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 euros..

The Company has also provided an additional cash contribution in USD to its subsidiary.

The Company makes its main deliveries in euro.

All amounts are in thousand euro unless otherwise stated UIC 201047670

The tables below summarize the exchange rate exposure:

June 30, 2026	In EUR	In USD	In other foreign currency	In BGN	Total
Cash and cash equivalents	24	72	-	-	**96**
Long-term loans granted to related parties	580	-	-	-	**580**
Receivables from related parties	51 111	1 925	-	-	**53 036**
TOTAL ASSETS	**51 715**	**1 997**	**-**	**-**	**53 712**
Lease liabilities	200	-	-	-	200
Trade payables	19	-	-	-	19
Other liabilities	2 425	-	-	-	2 425
TOTAL LIABILITIES	**2 641**	**-**	**-**	**-**	**2 644**

December 31, 2025	In EUR	In USD	In other foreign currency	In BGN	Total
Cash and cash equivalents	65	22	-	218	305
Long-term loans granted to related parties	571	-	-	-	571
Receivables from related parties	1 528	1 869	-	50 311	53 708
Trade receivables	-	-	-	1	1
TOTAL ASSETS	**2 164**	**1 891**	**-**	**50 530**	**54 585**
Lease liabilities	100	-	-	127	227
Trade payables	5	-	-	64	69
Other liabilities	-	-	-	89	89
TOTAL LIABILITIES	**105**	**-**	**-**	**280**	**385**

Currency sensitivity analysis

The Company is not exposed to currency risk with respect to its euro exposures. With respect to its positions in US dollars, it carries a risk, but since they amount of 4% 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 EUR/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.

All amounts are in thousand euro unless otherwise stated UIC 201047670

	Increase/ Decrease in exchange rate BGN, EURO respectively/ USD %	Effect on the profit before tax
2025	+/-1.00%	19
2026	+/-1.00%	20

B. Price risk

As of June 30, 2026, 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.

June 30, 2026	**Interest-free**	**With floating interest %**	**With fixed interest %**	**total**
Cash and cash equivalents	-	-	96	**96**
Long-term loans granted to related parties	-	580	-	**580**
Receivables from related parties	49 576	406	3 054	**53 036**
TOTAL ASSETS	**49 576**	**986**	**3 150**	**53 712**
Lease liabilities	-	-	200	**200**
Trade payables	19	-	-	**19**
Other liabilities	2425	-	-	**2 425**
TOTAL LIABILITIES	**2 444**	**-**	**200**	**2 644**

December 31, 2025	**Interest-free**	**With floating interest %**	**With fixed interest %**	**total**

Cash and cash equivalents	-	-	305	**305**
Long-term loans granted to related parties	-	571	-	**571**
Receivables from related companies	50 779	400	2 529	**53 708**
Trade receivables	1	-	-	**1**
TOTAL ASSETS	**50 780**	**971**	**2 834**	**54 585**
Lease liabilities	-	-	227	**227**
Trade payables	69	-	-	**69**
Other liabilities	89	-	-	**89**
TOTAL LIABILITIES	**158**	**-**	**227**	**385**

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 dividends, additional cash contributions, loans and management services provided to its 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 June 30, 2026 the Company has no written off receivables and impairment of receivables.

Company's exposure to credit risk arising from its financial assets as of June 30, 2026 and December 31, 2025 is presented below:

All amounts are in thousand euro unless otherwise stated UIC 201047670

	As of June 30, 2026	As of December 31, 2025
Cash and cash equivalents	96	305
Long-term loans granted to related parties	580	571
Receivables from related parties	53 036	53 708
Trade receivables	-	1
Total financial assets	**53 712**	**54 585**

The staging of the financial assets of the Company as of June 30, 2026, and December 31, 2025 is presented in the table below:

	As of June 30, 2026			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Financial assets				
Cash and cash equivalents	96	-	-	**96**
Long-term loans granted to related parties	580	-	-	**580**
Receivables from related parties	53 036	-	-	**53 036**
Total financial assets	**53 712**	**-**	**-**	**53 712**
Impairment (ECL) of financial assets	-	-	-	-
Financial assets, net of impairment	**53 712**	**-**	**-**	**53 712**

	As of December 31, 2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Financial assets				
Cash and cash equivalents	305	-	-	305
Long-term loans granted to related parties	571	-	-	571
Receivables from related parties	53 708	-	-	53 708
Trade receivables	1	-	-	-
Total financial assets	**54 585**	**-**	**-**	**54 585**
Impairment (ECL) of financial assets	-	-	-	-
Financial assets, net of impairment	**54 585**	**-**	**-**	**54 585**

All amounts are in thousand euro unless otherwise stated UIC 201047670

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

Gross carrying amount of the financial assets	***Stage 1 - expected credit loss for 12 months period***	***Stage 2 - expected credit loss for the period of the financial asset life***	***Stage 3 - expected credit loss for the period of the financial asset life***	***TOTAL***
Gross carrying amount as of December 31, 2025	**54 585**	**-**	**-**	**54 585**
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	1 139	-	-	1 139
Maturity of financial assets	(2 012)	-	-	(2 012)
Gross carrying amount as of June 30, 2026	**53 712**	**-**	**-**	**53 712**

Gross carrying amount of the financial assets	***Stage 1 - expected credit loss for 12 months period***	***Stage 2 - expected credit loss for the period of the financial asset life***	***Stage 3 - expected credit loss for the period of the financial asset life***	***TOTAL***
Gross carrying amount as of December 31, 2024	**8 229**	**-**	**-**	**8 229**
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	53 765	-	-	53 765
Maturity of financial assets	(7 409)	-	-	(7 409)
Gross carrying amount as of December 31, 2025	**54 585**	**-**	**-**	**54 585**

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.

All amounts are in thousand euro unless otherwise stated UIC 201047670

June 30, 2026	**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	-	-	-	-	-	-	-	96	**96**
Long-term loans granted to related parties	-	-	-	-	-	580	-	-	**580**
Receivables form related parties	-	-	-	53 036	-	-	-	-	**53 036**
TOTAL ASSETS	**-**	**-**	**-**	**53 036**	**-**	**580**	**-**	**96**	**53 712**
Lease liabilities	5	10	15	30	58	55	43	-	**216**
Trade payables	19	-	-	-	-	-	-	-	**19**
Other liabilities	2 366	10	15	34	-	-	-	-	**2 425**
TOTAL LIABILITIES	**2 390**	**20**	**30**	**64**	**58**	**55**	**43**	**-**	**2 660**

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	-	-	-	-	-	-	-	305	**305**
Long-term loans granted to related parties	-	-	-	-	-	571	-	-	**571**
Receivables form related parties	-	50 316	-	3 392	-	-	-	-	**53 708**
Trade receivables	1	-	-	-	-	-	-	-	**1**
TOTAL ASSETS	**1**	**50 316**	**-**	**3 392**	**-**	**571**	**-**	**305**	**54 585**
Lease liabilities	5	9	13	27	55	71	47	-	**227**
Trade payables	69	-	-	-	-	-	-	-	**69**
Other liabilities	5	15	15	54	-	-	-	-	**89**
TOTAL LIABILITIES	**79**	**24**	**28**	**81**	**55**	71	47	-	**385**

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:

All amounts are in thousand euro unless otherwise stated UIC 201047670

	June 30, 2026	December 31, 2025
Total debt capital	**3 422**	**938**
Less: cash and cash equivalents	96	305
Net debt capital	**3 326**	**633**
Total equity	59 433	62 846
Total capital	62 759	63 479
Debt ratio	**5.45%**	**1.48%**

The Company's debt as of June 30, 2026 is 5.45% of the capital. As of the end of 2025, the Company debt is 1.48%.

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 if 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:

As of June 30, 2026	**Book value**	***Level 1***	***Level 2***	***Level 3***
Financial assets				
Cash and cash equivalents	96	-	96	-
Loans granted to related parties	580	-	-	-
Receivables from related parties	53 036	-	-	-
Total financial assets	**53 712**	**-**	**96**	**-**
Financial liabilities				
Lease liabilities	200	-	194	-
Trade payables	-	-	-	-
Other liabilities	-	-	-	-
Total financial liabilities	**200**	**-**	**194**	**-**

All amounts are in thousand euro unless otherwise stated UIC 201047670

As of December 31, 2025	**Book value**	***Level 1***	***Level 2***	***Level 3***
Financial assets				
Cash and cash equivalents	305	-	305	-
Loans granted to related parties	571	-	-	-
Receivables from related parties	53 708	-	-	-
Trade receivables	1	-	-	-
Total financial assets	**54 585**	**-**	**305**	**-**
Financial liabilities				
Lease liabilities	227	-	227	-
Trade payables	69	-	-	-
Other liabilities	89	-	-	-
Total financial liabilities	**385**	**-**	**227**	**-**

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 approximate 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

In July 2026, the Company announced preliminary consolidated revenue figures, reporting annual revenue growth from Shelly devices and related services of approximately 27% to approximately EUR 68.3 million in the first half of 2026.

On 27.07.2026 Shelly Group SE has exercised a Call Option for the acquisition of the remaining stake of 24% of the share capital in its Slovenian IoT subsidiary Shelly Tech (previous name as GOAP Računalniški inženiring in avtomatizacija procesov d.o.o. Nova Gorica) (the “Target Company”).

The exercise of the Call Option is the last stage of the acquisition of the Target Company based on an Option Agreement that was signed between Shelly and the Target Company’s shareholders and announced in January 2023.

The total purchase price for the 24%-stake under the exercised Call Option is EUR 948,939.02 as per calculations in accordance with the Option Agreement. The transfer of the shares is subject to further procedures that are expected to follow in the next weeks.

No other significant non-adjusting events have occurred between the date of these interim individual financial statements and the date of their approval for issue.

REPORT ON BUSINESS ACTIVITIES

second quarter of 2026

individual basis

Pursuant to Art. 100o, Para 4 of the Public Offering of Securities Act and Art. 12 of Ordinance No. 2 dated 09.11.2021 on the initial and subsequent disclosure of information in public offerings of securities and admission of securities to trading on a regulated market

These Notes to the Interim Report on the Business Activities of SHELLY GROUP SE on individual basis present information about the company, relevant to the end of second quarter of 2026 for the period 01.01.2026 – 30.06.2026 (the "reporting period").

1. INFORMATION ABOUT THE GROUP

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

By resolution of the General Meeting of Shareholders held on 14.10.2024, SHELLY GROUP SE (former company name SHELLY GROUP JSCo) was converted from a joint stock company into a European Company (SE) pursuant to Chapter Nineteen of the Commercial Act and Article 37 of Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company (SE).

The Company has its registered office and address of management: Republic of Bulgaria, Sofia County, Sofia Municipality, Sofia 1407, 51 Cherni Vrah Blvd, office building 3, floor 2 and 3. The address for correspondence is the same; Tel: +359 2957 12 47. The website of the Company is http://www.corporate.shelly.com/.

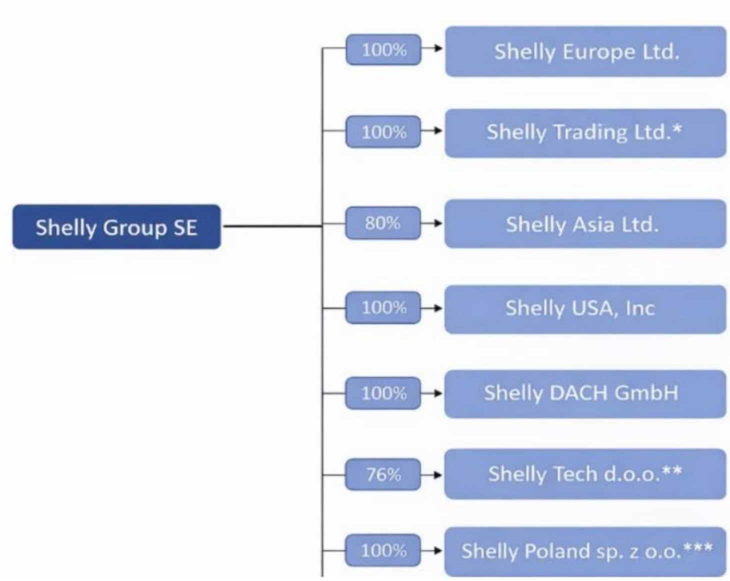
The Company is publicly listed within the meaning of the Public Offering of Securities Act and is registered as a public company in the register kept by the FSC with Decision 774 - PD of November 14, 2016 as a result of successfully completed initial public offering of shares from the Company's capital increase.

Since November 22, 2021 the shares of SHELLY GROUP SE are traded on two regulated markets in EU – Bulgarian Stock Exchange and Frankfurt Stock Exchange.

The company operates according to Bulgarian legislation.

The economic group consists of the parent company SHELLY GROUP SE and its subsidiaries as shown below:

1.1. Structure of the economic group at the end of the second quarter of 2026



* The subsidiary Shelly Trading Ltd. has registered a branch in the United Kingdom and a representative office in the Netherlands.

** The remaining 24% of the shares of the Slovenian company held by three individual partners are subject to a Call/Put option was exercised following the end of the reporting period in 2026 in accordance with the terms of the Option Agreement signed and disclosed in January 2023. The effective transfer of the shares is subject to further procedures.

SHELLY GROUP SE has an associated participation of 8,010 preference shares representing 8.495% of the capital of "Ground Solutions Group" AD, UIC: 206606897. The participation was acquired as a result of the merger of "Corner Solutions" Ltd. into "Ground Solutions Group" AD.

The scope of business of SHELLY GROUP SE, according to Art. 4 of its Articles of Association is: Acquisition, management, evaluation and sale of share participations in Bulgarian and foreign companies; acquisition, management and sale of bonds; acquisition, evaluation, sale and assignment of licenses for the use of patents and other intellectual and industrial property rights; financing of companies in which SHELLY GROUP SE participates; purchase of goods and other items for resale in their original, manufactured or processed form; sale of goods of own production; foreign trade transactions; commission, forwarding, warehousing and leasing transactions; transport transactions in the country and abroad; transactions of commercial representation and intermediation of local and foreign individuals and legal entities; consulting and marketing transactions; providing management and administration services to local and foreign legal entities; as well as any other commercial transactions not prohibited by law.

The core business of the Company and its economic group during the reporting period remains the development, production and sales of IoT devices. As of today, the majority of the income for the Group comes from sales of products under the brand "Shelly".

1.2. Management

By decision on 02.06.2025, the General Meeting of Shareholders extended the mandate of the members of the Board of Directors, effective from 05.01.2026, and the latter, by its decision of the same date, 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 representatives represent the Company together or individually.

1.3. Capital structure

At the end of the reporting period the issued, subscribed, paid-in and registered capital of the Company amounts to 9,261 thousand euro, divided into 18,158,060 dematerialized ordinary registered voting shares, with a par value of 0.51 euro for each share. The conversion of the share capital into euro was made according to the rules set out in the law on the introduction of the euro in the Republic of Bulgaria for the purposes and presentation in this report. As of the date of preparation of the report, the conversion has not yet been reflected in the Commercial Register, and the deadline for this is until 31.12.2026.

As of 30.06.2026 and as of 31.12.2025, the registered share capital is fully paid up.

As of 30.06.2026 the capital structure of SHELLY GROUP SE is as follows:

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

At the end of the reporting period, the Company held no treasury shares.

1.4. Development and research activities

The company has not carried out activities in the area of research and development and does not plan such in the near future. Two of the subsidiaries of SHELLY GROUP SE have carried out such activity, namely: Shelly Europe Ltd. and Shelly Tech.

2. IMPORTANT EVENTS FOR SHELLY GROUP SE

Detailed information about the important events that occurred during the reporting period for SHELLY GROUP SE, as well as other information that could be important for investors is regularly disclosed by the company in accordance with regulatory requirements. In compliance with the requirement of Art. 43a et seq. of Ordinance No. 2 of the FSC, in conjunction with Art. 100t, Para 3 of the POSA, the Company discloses the regulated information to the public through selected information media. All information provided to the media in fully unedited text is available at: http://www.x3news.com/. The required information is submitted to the FSC - through the unified system for submission of information electronically, developed and maintained by the FSC - e-Register. The information is also available on the Company's website at: https://corporate.shelly.com/publications/inside-information/

The announced important events that occurred during the reporting period did not have a significant impact on the financial results of the company on an individual basis.

3. FINANCIAL POSITION AND DEVELOPMENT OF THE BUSINESS ACTIVITIES DURING THE REPORTING PERIOD

3.1. Revenue and operating results

At the end of the second quarter of 2026 the Company reported other operating revenue in the amount of 217 thousand euro compared to 30 thousand euro for the previous period, which is growth of 623.3%.

For the current period, financial income amounted to 32 thousand euro, compared to 25 thousand euro reported in the same period of the previous year, which is growth of 28.0%.

At the end of the second quarter of 2026 the Company reports net loss in the amount of 1,053 thousand euro, which represents a loss increase of 4.4% compared to the same period of the previous year.

REVENUE	6 months of 2025 EUR thousand	y/y change %	6 months of 2026 EUR thousand
Other operating revenue	30	623%	217
Total operating revenue	**30**	**623%**	**217**
Financial income	25	28.0%	32
Total financial revenue	**25**	**28.0%**	**32**

3.2. Operating expenses

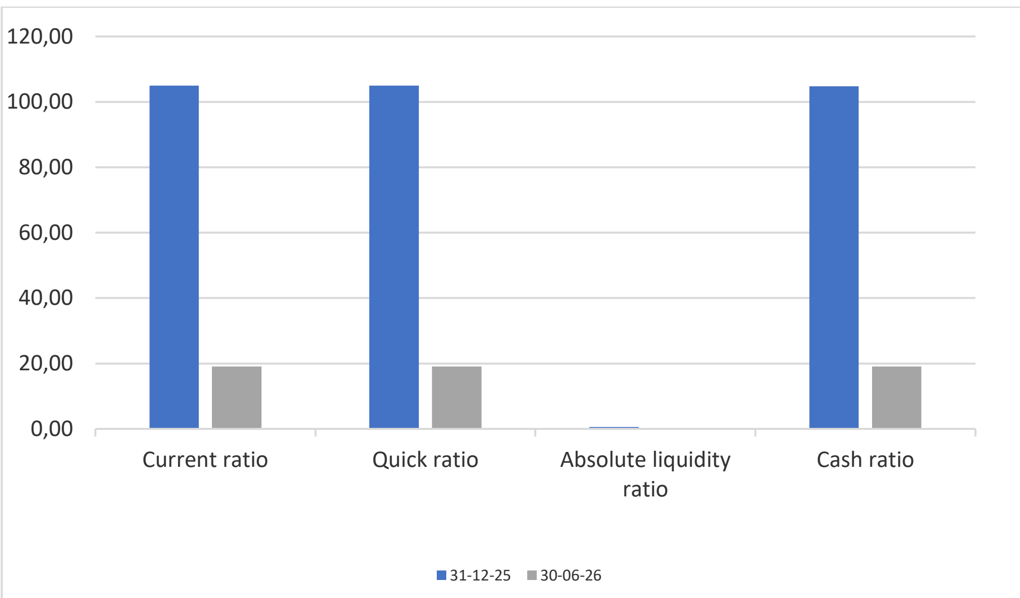
At the end of the reporting period the total operating expenses of the Company increased by 23.5% compared to the same reporting period of the previous year. This is mainly due to the increase in salaries and contributions with growth of 53.7%.

The biggest share of the reported operating expenses for the reporting period belongs to the expenses for salaries and contributions with a 62.9% share in total expenses, followed by external services with a 22.2% share in total expenses.

EXPENSES	6 months of 2025 EUR thousand	y/y change %	6 months of 2026 EUR thousand
Materials	(2)	0.0%	(2)
External services	(329)	(12.5%)	(288)
Depreciation	(18)	55.6%	(28)
Salaries and contributions	(531)	53.7%	(816)
Other administrative expenses	(4)	900.0%	(40)
Total Administrative expenses	**(884)**	**32.8%**	**(1 174)**
Other operating expenses	(166)	(25.9%)	(123)
Total Operating Expenses	**(1 050)**	**23.5%**	**(1 297)**

3.3. Financial indicators

Liquidity Ratios



LIQUIDITY RATIOS	31-12-25	30-06-26
Current ratio	104.98	19.10
Quick ratio	104.98	19.10
Absolute liquidity ratio	0.59	0.03
Cash ratio	104.74	19.06

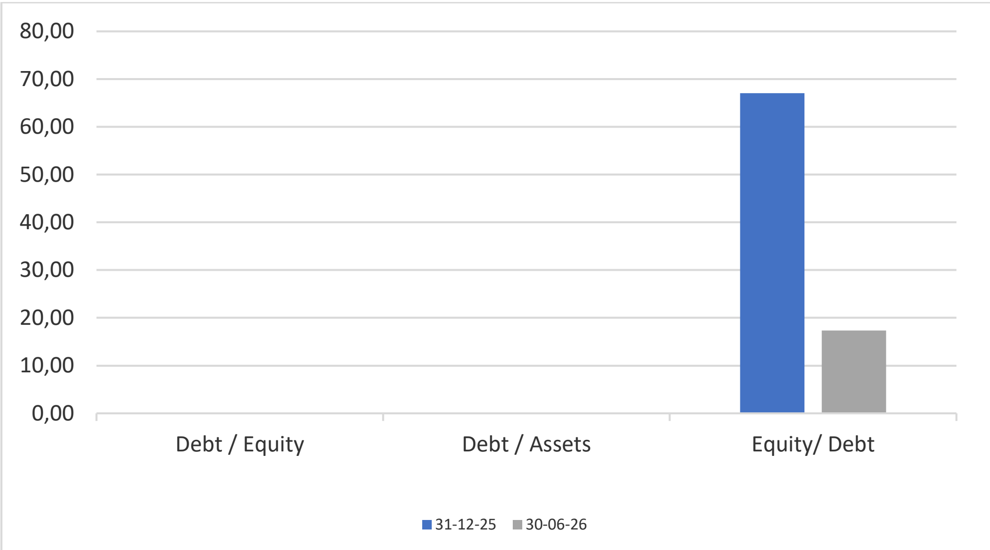
The current liquidity ratio at the end of the reporting period decreased due to the following: the current assets decreased by 1.7% compared to the end of 2025, while the current liabilities increased by 440.1%.

The quick liquidity ratio at the end of the reporting period increased due to the following: the current assets decreased by 1.7% compared to the end of 2025, while the current liabilities increased by 440.1%.

The absolute liquidity ratio at the end of the reporting period decreased due to the following: the current cash decreased by 68.5% compared to the end of 2025, while the current liabilities increased by 440.1%.

The cash ratio at the end of the reporting period decreased due to the following: the current liabilities increased by 440.1% compared to the end of 2025, cash decreased by 68.5%, commercial receivables decreased by 100.0%, and receivables from group companies decreased by 1.3%.

Financial autonomy coefficients



DEBT RATIOS	31-12-25	30-06-26
Debt / Equity	0.01	0.06
Debt / Assets	0.01	0.05
Equity/ Debt	67.02	17.37

The debt/equity ratio at the end of the reporting period increased due to the following: the total liabilities of the Company increased by 264.8% compared to the end of 2025, and equity decreased by 5.4%.

The debt/assets ratio at the end of the reporting period increased due to the following: the total liabilities of the Company increased by 264.8% compared to the end of 2025, while assets decreased by 1.5%.

The change in the equity/debt ratio at the end of the reporting period is due to the following: the total liabilities of the Company increased by 264.8% compared to the end of 2025, and equity decreased by 5.4%.

4. DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES

The risks associated with the core business of the Company can generally be divided into systemic (general) and non-systemic (related specifically to its business and the industry in which it operates). Relevant for the Company are also the similar categories of risks inherent in the business and the industry in which its subsidiaries operate, insofar as they are the main source of the Company's income. Separately, investors in the Company's financial instruments are also exposed to risks related to the investments in securities themselves (derivative and underlying).

4.1. SYSTEMIC RISKS

Systemic 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. Systemic risks are: political risk, macroeconomic risk, inflation risk, currency risk, interest rate risk, tax risk and unemployment risk.

Type of risk	Description
POLITICAL RISK	Political risk is the likelihood of a change of Government, or of a sudden change in its policy, of occurrence of internal political turmoil and adverse changes in European and/or national legislation, as a result of which the environment in which local businesses operate will change negatively, and investors will incur losses. 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 the threat of terrorist attacks in Europe, the strong destabilization of the countries of the Middle East, 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 proximity of the Balkans. Since the beginning of 2025, a significant political factor has been the foreign policy led by the USA towards NATO, the EU, and Europe. 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.
GENERAL MACROECONOMIC RISK	According to the National Statistical Institute, in June 2026 the overall business climate indicator decreased by 1.3 points compared to May (from 17.4% to 16.1%). A decline in the indicator was observed in industry and construction, while retail trade and the services sector reported an improvement.[1] The baseline scenario projects economic growth to average 0.8% in 2026, 1.2% in 2027 and 1.5% in 2028. This represents a downward revision for 2026 and 2027 as a result of the more pronounced effect of the war on commodity markets, real incomes, and confidence.[2]
INTEREST RATE RISK	Interest rate risk is related to possible negative changes in interest rates established by the financial institutions of the Republic of Bulgaria. According to the decision of the Governing Council of the Bulgarian National Bank (BNB) announced on November 27, 2025, as of January 1, 2026, the announcement of the base interest rate (BIR) under Art.

[1] https://www.nsi.bg/press-release/nablyudenie-na-biznes-tendenciite-v-promishlenostta-stroitelstvoto-targoviyata-na-drebno-i-uslugite-9066
[2] https://bnb.bg/bnbweb/groups/public/documents/ecb_publication/publications_ecb_mb_202604_bg.pdf

	35 of the Bulgarian National Bank Act (repealed) is suspended and as of the same date, the "Methodology for Determining the Base Interest Rate" adopted by Decision No. 149/16.12.2004, in force from February 1, 2005, amended by Decisions No. 118/26.11.2015 and No. 37/16.03.2017 of the Governing Council of the BNB, in force from July 1, 2017, is repealed. According to the BNB, as of 01.01.2026, another reference index should be applied in accordance with the requirements of Art. 2, items 6 and 7 of Directive 2011/7/EU of the European Parliament: **Main refinancing operations** **Date** **Percenta** 11.06.2025 2.15 17.06.2026 2.40 *Source: ECB[3] At the meeting on 17 June 2026 the Governing Council adopted a decision on the ECB's three key interest rates.[4]
INFLATION RISK	Inflation risk is a general price increase in which money depreciates and households and firms are likely to suffer a loss. The consumer price index is the official measure of inflation in the Republic of Bulgaria. It assesses the overall relative change in the prices of goods and services used by households for personal (non-productive) consumption and is calculated by applying the structure of final monetary consumption expenditure of Bulgarian households. According to the NSI, in June 2026 the monthly inflation rate, measured by CPI, was minus 0.9%, and the annual inflation rate in June 2026, compared to June 2025, was 5.4%. The inflation rate since the beginning of the year (June 2026 compared to December 2025) was 2.9%. The annual average inflation rate for the period July 2025 - June 2026 compared to the period July 2024 - June 2025 was 5.1%.[5] The Harmonized Index of Consumer Prices is a comparable measure of inflation for EU countries. It is one of the criteria for price stability and for Bulgaria's accession to the euro area. The HICP, like the CPI, measures the overall relative change in the price level of goods and services. According to the NSI, measured by HICP, in June 2026 the monthly inflation rate was minus 0.5%, and the annual inflation rate in June 2026 compared to June 2025 was 5.2%. The inflation rate since the beginning of the year (June 2026 compared to December 2025) was 3.5%. The annual average inflation rate for the period July 2025 - June 2026 compared to the period July 2024 - June 2025 was 3.9%[6] In May 2026 inflation rose to 3.2% compared to 3.0% in April. Energy price inflation showed a slight increase to 10.9% compared to 10.8% in April, while food price inflation fell from 2.4% to 2.0%. Inflation excluding energy and food rose to 2.5% compared to 2.2% in April, as goods inflation increased slightly to 0.9%, while inflation in services rose from 3.0% to 3.5%.[7]
CURRENCY RISK	On 1 January 2026 the euro officially entered into circulation in Bulgaria, bringing the number of European Union (EU) Member States using the single European currency to 21.

[3] https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.bg.html
[4] https://www.bnb.bg/bnbweb/groups/public/documents/ecb_publication/publications_ecb_mb_202602_bg.pdf
[5] https://www.nsi.bg/press-release/inflaciya-i-indeksi-na-potrebitelskite-ceni-8989
[6] https://www.nsi.bg/press-release/inflaciya-i-indeksi-na-potrebitelskite-ceni-8989
[7] https://www.bnb.bg/bnbweb/groups/public/documents/ecb_publication/publications_ecb_mb_202602_bg.pdf

	This follows the formal decision taken in July, which also announced the official conversion rate of 1.95583 Bulgarian lev per 1 euro.[8] This does not eliminate the risk of adverse movements in the exchange rate of the euro against other major currencies (US dollar, British pound, Swiss franc) on international financial markets for the Bulgarian currency, but at present the company does not believe that such a risk would be material to its operations. The company may be affected by currency risk depending on the type of currency of cash receipts and the type of currency of the company's potential loans. The companies of the Shelly Group SE Group 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 euro, and the costs of delivery of goods in this segment are mainly in US dollars and are largely tied to the Chinese yuan, which is why the appreciation of the US dollar or Chinese yuan would have an adverse effect on business performance. In terms of the Group's exposure to the US dollar, no significant sales revenue in US dollars is expected as a relative share of the Group's total sales revenue going forward. At the same time, the relative share of revenue in yuan is expected to grow at a faster pace. To limit the effects of 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 foreign currencies and control over forthcoming payments. Currently, the Group companies do not use derivative instruments for hedging currency risk but, if necessary, the management is ready to enter into such transactions.
Credit risk of the state	Credit risk is the probability of deterioration of Bulgaria's international credit ratings, caused by the government's inability to repay its liabilities regularly. Low credit ratings of the country can lead to higher interest rates, more difficult financing conditions, both for the state and for individual economic entities, including the Company. Credit ratings are prepared by specialized credit rating agencies and serve to determine and measure a country's credit risk. A credit rating is an assessment of the quality and security of an issuer's bond debt, formed based on an analysis of its financial condition. Rating services are performed by specialized rating agencies and represent an assessment of the creditworthiness and ability to service the borrowed funds used by a borrower when they fall due.
	The international rating agency Standard and Poor's Global Ratings revised the outlook on the country's rating to positive from stable and affirmed the long-term and short-term foreign and local currency ratings at 'BBB+/A-2'. The positive outlook reflects the potential for higher incomes and accelerating growth in Bulgaria, supported by improved political stability, the planned reforms, and the disbursement of EU fund resources. The rating agency's analysis noted that the snap parliamentary elections in April gave a majority to the party of former President Rumen Radev, bringing to an end five years of political instability. According to the analysts, the new situation should allow the government to implement anti-corruption measures, fulfil the conditions for receiving Bulgaria's remaining tranches under the Recovery and Resilience Plan, and begin fiscal consolidation.

[8] Bulgaria adopts the euro

	S&P Global Ratings forecast that Bulgaria's GDP per capita will continue to rise, noting that the indicator has already doubled since 2019. Net government debt remains moderate by global comparison, with expectations that it will stay below 30% of GDP through 2029.[9]
	With a rating action on 27 March 2026 the international credit agency Fitch Ratings affirmed Bulgaria's long-term foreign currency rating "BBB+" with a stable outlook. The rating reflects Bulgaria's stable external and fiscal position and its credible policy framework, supported by the country's membership of the EU and the eurozone. At the same time, unstable coalition governments and frequent elections in recent years have delayed progress on the implementation of reforms. The rating agency notes that, at the current pace of growth, income per capita is expected to remain lower than in countries with a similar rating. The stable outlook reflects Fitch's expectation that renewed domestic political uncertainty and external geopolitical risks will not prevent Bulgaria's solid economic growth, nor lead to the build-up of macroeconomic, fiscal or external imbalances. External finances remain a rating strength, despite the reported increase in the current account deficit.[10]
Unemployment risk	As a major factor affecting consumer purchasing power, an increase in unemployment would reduce demand for IoT products. On the other hand, demand for staff from businesses remains very active, so such a risk seems negligible in the year ahead. Eurostat estimates the seasonally adjusted unemployment rate in the euro area at 6.2% in May 2026, unchanged compared to April 2026 and down from 6.3% in May 2025. In May 2026, the EU unemployment rate is 5.9%, stable compared to April 2026 and down from 6.0% in May 2025.[11] At the end of June, the registered unemployment rate in the country was 5.21%, with 147,664 registered unemployed persons. Levels remained similar to the previous month and to the same month of the previous year, with an increase of 0.03 percentage points compared to May, and an increase of 0.12 percentage points compared to the same month of the previous year.[12]
Risk associated with the legal system	Although Bulgaria has introduced several 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 and other. Deficiencies in the legal infrastructure can result in uncertainties arising from the implementation of corporate actions, the implementation of supervision and other issues.
TAX RISK	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, because of which a contradictory tax practice may arise.

[9] https://www.minfin.bg/bg/news/13372
[10] https://www.minfin.bg/bg/news/13289
[11] Unemployment statistics - Statistics Explained - Eurostat
[12] https://www.az.government.bg/bg/news/view/nad-16-000-dushi-sa-zapochnali-rabota-s-podkrepata-na-agencijata-po-zaetostta-prez-mart-4216/

4.2. NON-SYSTEMIC RISKS

Risks related to the industry in which the Group operates

Such risks are: risk of shortage of key personnel, risk of strong competition, risk related to personal data security and hacker attacks, risk of technology change.

Risk of shortage of key personnel

One of the biggest challenges for technology companies, such as the companies of the Group, as well as given the specific scope of their business in the field of telecommunications and engineering and software development, is the shortage of skilled personnel. Insufficient availability of suitable staff in the subsidiaries could adversely affect the future development of the Group due to delays in the development of new products/services and the maintenance of existing ones. On the other hand, the high competition in this sector raises the cost of labor. Thus, the financial position and market share of the Group companies could suffer.

Risk of strong competition

The Group companies operate mainly in the segment of the Internet of Things (IoT). This segment is one of the most modern and promising sectors of the industry, which attracts the interest of many technology giants and start-up companies. The loss or inability to gain market share and the fall in final product prices due to increased competition may have a negative effect on revenue, profit and profit margins. Maintaining a competitive position requires investment in the creation of devices with new utilities, improvement of existing solutions and expansion of market share, and it cannot be taken for granted that new developments will be established among the competing ones on the market.

In respect of the increasing sales revenues in the US, but still low share of the US business in the Group's sales revenues, the Company expects tariffs between the US and the EU to have only a minor effect on the sales and revenue situation.

Risk related to personal data security and hacker attacks

The technology industry is characterized by digital transmission of information that could be strictly confidential, containing personal data of users of products, financial information of companies, information about new products and other. The protection of such information is a critical factor for the normal operation of companies in the industry, including of the Group. The sales of the devices and the use by the users of the accompanying mobile applications and cloud services provided by the Group are related to the exchange and storage of personal data. Potential breaches in information security can lead to: i) Loss of customers and/or partners and their migration to competing companies; ii) Imposing sanctions and lawsuits related to breaches of applicable data protection and privacy laws; iii) Lost or delayed orders and sales; iv) Adverse effects on reputation, business, financial position, profits and cash flows.

Risk of regulatory and specific technical requirements

The supply of IoT devices is related to regulation regarding the certification of products for sale in the respective country. In the European Union, products are required to bear the 'CE' marking, which indicates that the product has been evaluated and meets the requirements of safety, health and environmental protection. In the US, the equivalent is 'UL' certification. For certification purposes, accredited laboratories are assigned compliance tests, which involve significant costs. In addition, specifics in the requirements of local regulators and contractors (especially mobile operators) may require additional tests and certification to be performed, which increases the cost of entering a particular market or particular distribution channel.

Sales of the Group companies' products cover an increasing number of markets, which often have local regulation regarding the certification of similar products in the respective country. Meeting the requirements of local regulation is related to time and resources and may delay the Company in entering new markets or require additional costs in order to meet different standards.

The change in regulatory requirements for devices may involve additional costs for making them compliant with the new requirements, including costs for withdrawing products from the market to make them compliant with these requirements. The Group companies and their local partners regularly monitor planned changes in the legislation and take timely measures to ensure the compliance of products with them.

Risk of technology change

SHELLY GROUP SE and its subsidiaries operate in an extremely dynamic segment, in which technologies have a significant impact and are a source of competitive advantage. To that effect, there is a risk of delayed adaptation to new technologies due to lack of knowledge, experience or sufficient funding, which may have a negative impact on the Company. The slow adaptation to the new realities may lead to a loss of competitive positions and market shares, which in turn will lead to a deterioration of the Group's performance.

Risks related to the Group's business

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 loss as a result of inadequate or non-functioning internal management procedures. Such risks may be caused by the following circumstances:

- Adoption of wrong operational decisions by the management staff related to the management of current projects;
- Insufficient amount of skilled personnel needed for the development and implementation of new projects;
- Leaving key employees and inability to replace them with new ones;
- Risk of excessive increase in management and administration costs, leading to a decrease in the overall profitability of the Company;
- Technical damages leading to prolonged interruption of the provided services may lead to termination of contracts with clients.

The effects of such circumstances would be a decrease in the Company's revenues and deterioration of its business performance.

Risk associated with business partners

Production activities in the IoT segment are outsourced, mainly to China, concentrated in several manufacturers. Potential risks associated with key subcontractors are related to the accurate and timely execution of deliveries or termination of business relationships. Although management believes that there is a wide range of alternative suppliers, the possible transfer of production to new partners and diversification of subcontractors may lead to delivery delays and additional costs, which may affect the ability of the Group companies to perform agreed orders from customers and adversely affect the Group's reputation and financial performance.

Risks arising from new projects

The main business activity of SHELLY GROUP SE is related to investments in subsidiaries. There is a risk that some of the subsidiaries will not be able to meet their goals, which will lead to lower or negative return on investment.

The development of new products and services by the subsidiaries of SHELLY GROUP SE is related to the investment in human resources, software, hardware, materials, goods and services. Should new products and services fail to be marketed, such investments would be unjustified. This in turn would have a negative impact on the costs and assets of the Company, as well as on the performance of its business activities. In order to manage the risk arising from new projects, the Group companies perform a market analysis, prepare a financial analysis containing different scenarios, and in some cases discuss with potential customers the concept of the new service/product.

Liquidity risk

The expression of liquidity risk in relation to the company is associated with the possibility of lack of timely and/or sufficient available funds to meet all current liabilities. This risk may appear both in case of significant delay of the payments by the debtors of the Company, as well as in case of insufficiently effective management of the cash flows from the operation of the Company.

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

5. TRANSACTIONS WITH RELATED OR INTERESTED PARTIES

For the reporting period the Company has not entered into transactions with interested parties in the meaning according to POSA.

The Company has not entered into any transactions with other Group companies that fall beyond its scope of regular business or that significantly deviate from the market conditions. Transactions in the ordinary course of business with subsidiaries include:

- At the end of 2022 SHELLY GROUP SE granted an additional cash contribution at the amount of 938 thousand euro (USD 1 million) to its subsidiary Shelly USA Inc., with annual interest rate of 1.0%. The interest income accrued for the period ended June 30, 2026, on this transaction amounts to 5 thousand euro.
- On 23.03.2023, SHELLY GROUP SE provided to its subsidiary Shelly Tech d.o.o. a loan of 500 thousand euro. The recognized interest income for the period ended June 30, 2026, on this transaction amounts to 10 thousand euro.
- On June 1, 2023, SHELLY GROUP SE granted to Shelly Tech d.o.o. an additional cash contribution at the amount of 500 thousand euro at the following terms – repayment period within 1 year, annual interest rate 1%. The recognized interest income for the period ended June 30, 2026, on this transaction amounts to 3 thousand euro.
- On March 19, 2024, SHELLY GROUP SE granted to its subsidiary Shelly USA Inc. an additional cash contribution at the amount of 390 thousand euro (USD 400,000). The interest income accrued for the period ended June 30, 2026, on this transaction amounts to 4 thousand euro.
- On May 14, 2024, the Board of Directors of SHELLY GROUP SE decided to provide an additional cash contribution at the amount of 600 thousand euro to its 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 period ended June 30, 2026, on this transaction amounts to 3 thousand euro.
- 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 in the amount of 680 thousand euro (USD 700 thousand) for a period of one year at an annual interest rate of 1%. The interest income accrued for the period ended June 30, 2026, on this transaction amounts to 3 thousand euro.
- On December 22, 2025, SHELLY GROUP SE decided to provide its Polish subsidiary Shelly Poland SP. ZOO with financing in the form of a short-term loan in the amount of 400 thousand euro for a period of one year at an annual interest rate equal to the interest rate at which the subsidiaries of Shelly Group use short-term bank financing. The amount was fully utilized by the end of 2025. The accrued interest income for the period ended June 30, 2026 amounted to 6 thousand euro.
- During the reporting period, the Company provided management services to three of its subsidiaries – Shelly Asia at the amount of 9 thousand euro, Shelly DACH at the amount of 11 thousand euro and Shelly Tech at the amount of 6 thousand euro.

During the reporting period, SHELLY GROUP SE did not grant any other loans, did not provide guarantees or assume any obligations to any person or its subsidiary, including related parties, other than those specified.

For transactions with group companies, see also note 6 of the individual financial statements as of 30.06.2026.

Key managerial personnel

During the first half of 2026 the accrued gross fixed remuneration to the members of the Board of Directors (including employer's social security contributions) is in the total amount of 404 thousand euro (as of 30.06.2025: 404 thousand euro). The remuneration paid was in accordance with the disclosed Remuneration policy.

The members of the Board of Directors as of 30.06.2026 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 compensation

At the end of 2025, and respectively as of 30.06.2026, the Company recognizes a share-based payment obligation to its executive directors as a result of the share option scheme adopted in 2022 for the granting of remuneration in the form of share options to the executive members of the Board of Directors. Based on the objectives set out in the scheme and the Company's assessment of the extent to which these objectives have been achieved, the executive members are entitled to receive options to acquire 712,200 shares. Following a decision of the General Meeting of Shareholders dated 29.06.2026, the fulfilment of the conditions for exercising the option packages and their number was confirmed. The method of payment of this remuneration has also been specified.

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, entitling them to receive a variable cash remuneration (annual bonus), the amount of which depends on the financial results achieved for the 2025 financial year. On the basis of the Company's audited annual consolidated financial statements for 2025, as adopted by the General Meeting, and taking into account the adjusted financial result for EBIT, by a resolution dated 29 June 2026, the General Meeting of Shareholders confirmed that the conditions for the payment of the annual bonus for 2025 had been met and set the final total amount of the bonus at 407,000 euros.

According to the decision of the General meeting of Shareholders dated 29.06.2026 a decision was approved to pay an annual variable monetary remuneration to the executive members of the company, called "annual bonus" based on the results achieved in the financial year 2026. for the period from 01.01.2026 until 31.12.2026. For the first half of 2026, the company has accrued bonus based on minimum performance of the set annual bonus components in the amount of EUR 240 thousand.

6. INFORMATION ON NEWLY INCURRED SIGNIFICANT RECEIVABLES AND/OR LIABILITIES FROM THE BEGINNING OF THE YEAR TO THE END OF THE REPORTING QUARTER

No material new receivables and/or payables of the Company arose during the period, except the ones described in the notes to the individual financial statements as of 30.06.2026.

7. INFORMATION ON THE TRADING IN THE SHARES OF SHELLY GROUP SE DURING THE REPORTING PERIOD

Historical data on trade

Date	Volume	Turnover	Highest price	Lowest price	Opening price	Closing price
30.07.2026	37285	2224219.20	66,800	56,000	59,900	63,000
30.06.2026	13157	793666.70	61,400	59,000	60,000	60,400
29.05.2026	25338	1523778.80	64,100	55,700	56,900	60,000
30.04.2026	44910	2452983.80	58,300	50,200	51,800	56,000
31.03.2026	120136	6244460.10	61,200	43,100	59,200	50,600
27.02.2026	29826	1899904.40	69,000	59,000	68,000	59,200
30.01.2026	1131	76893.40	68,800	67,600	68,800	68,000

Source: Investor.bg

Information on the trading of SHELLY GROUP SE shares during the reporting period on the Frankfurt Stock Exchange is available at https://live.deutsche-boerse.com/equity/shelly-group-se/price-history/historical-prices-and-volumes

8. EVENTS AFTER THE END OF THE REPORTING PERIOD

In July 2026, the Company announced preliminary consolidated revenue figures, reporting annual revenue growth from Shelly devices and related services of approximately 27% to approximately EUR 68.3 million in the first half of 2026.

On 27.07.2026 Shelly Group SE has exercised a Call Option for the acquisition of the remaining stake of 24% of the share capital in its Slovenian IoT subsidiary Shelly Tech (previous name as GOAP Računalniški inženiring in avtomatizacija procesov d.o.o. Nova Gorica) (the “Target Company”). The exercise of the Call Option is the last stage of the acquisition of the Target Company based on an Option Agreement that was signed between Shelly and the Target Company’s shareholders and announced in January 2023. The total purchase price for the 24%-stake under the exercised Call Option is EUR 948,939.02 as per calculations in accordance with the Option Agreement. The transfer of the shares is subject to further procedures that are expected to follow in the next weeks.

On 29.07.2026 following media reports concerning a potential transaction involving Shelly Group SE, the Company confirmed that it is in preliminary discussions with Schneider Electric regarding a potential tender offer for the shares of the Company. There is no certainty that these discussions will result in an offer being made, nor as to the terms or timing of any offer, should one be made. A further announcement will be made as and when appropriate in accordance with applicable regulatory requirements.

9. OTHER INFORMATION AT THE DISCRETION OF THE COMPANY

All information considered relevant by the Company is set out in this Report, the interim financial statements and the notes thereto.

Date: July 30, 2026

For SHELLY GROUP SE: Dimitar Stoyanov Dimitrov

Digitally signed by Dimitar Stoyanov Dimitrov
Date: 2026.07.30 16:40:39 +03'00'

Dimitar Dimitrov,
CEO

ADDITIONAL INFORMATION

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

as of the second quarter of 2026

on individual basis

(reporting period 01.01.2026 г. – 30.06.2026)

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

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

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

There are **no changes** in the economic group of Shelly Group SE during the reporting period.

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

During the reporting period in 2026 there have been

- ✓ no organizational changes within the issuer as set out in 2. here above
- ✓ no transformation;
- ✓ no in-kind contributions have been made by the issuer;
- ✓ no property of the company has been leased;
- ✓ no suspended activities;
- ✓ no long-term investments as set out in 2. here above.

Following the end of the reporting period the Company has exercised a call option for the purchasing of the remaining 24% of the capital of it Slovenian subsidiary Shelly Tech d.o.o. The transfer of the shares is subject to additional procedures.

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

The Company did not publish forecasts for the 2026 financial year on individual basis.

The Company has published only information on the following financial targets for development in 2026 on a consolidated basis, namely: For the 2026 financial year, the Board of the Directors expects consolidated revenue from the sales of devices and related services to range from EUR 195 million to EUR 205 million and earnings before interest and taxes (EBIT) between EUR 47 million and EUR 52 million.

At the end of the second quarter of 2026 the Company reported other operating revenue in the amount of 217 thousand euro compared to 30 thousand euro for the previous period, which is growth of 623.3%.

For the current period, financial income amounted to 32 thousand euro, compared to 25 thousand euro reported in the same period of the previous year, which is growth of 28.0%.

At the end of the second quarter of 2026 the Company reports net loss in the amount of 1,053 thousand euro, which represents a loss increase of 4.4% compared to the same period of the previous year.

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

Shareholders holding at least 5 percent of the votes in the GMS of Shelly Group SE as of 30.06.2026

NAME OF SHAREHOLDER	CAPITAL PERCENTAGE
Dimitar Dimitrov	28.84 %
Svetlin Todorov	27.79 %
Other individuals and legal entities	43.47 %

As of the end of the reporting period the Company does not hold any treasury shares.

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

Members of the Board of Directors

NAME OF BOARD MEMBER	CAPITAL PERCENTAGE
Dimitar Dimitrov	28.84 %
Svetlin Todorov	27.79 %
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, in which he is the sole owner of the capital and manager, Impetus Capital OOD and Impetus Partners OOD, in which he is a partner respectively with 50% and 43,75 % of the capital and manager, as well as ImVenture I KDA and ImVenture II KDA, in which he is a representative of the legal entity - "Impetus Capital" OOD, have respectively: "Unicom Consult "EOOD – 74 750 shares (0.41%), 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 capital of Shelly Group SE and a total number of shares 833 531 (4.59%) of the voting rights in its General Meeting.

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

*** Christoph Vilanek holds approx. 0.08% of the voting rights in the General Meeting of the Shareholders of the Issuer;

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

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

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

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

In 2022 Shelly Group SE has granted to its subsidiary Shelly USA Inc. an additional cash contribution of USD 1 million, for a term of 1 year as of the payment date, at an annual interest rate of 1%. As of the date of this Report, the additional cash contribution has not been repaid, and by a resolution of the Board of Directors of SHELLY GROUP SE dated 20 March 2024, its term has been extended by a further 1 year from the date of the resolution on the same terms. By decisions of the Board of Directors of Shelly Group SE dated March 20, 2024, and January 8, 2025, its term was extended until August 1, 2025, under the same conditions. The accrued interest income for the period ending June 30, 2026, under this transaction amounts to EUR 5 thousand.

In 2024 Shelly Group SE granted to its subsidiary Shelly USA Inc. an additional cash contribution of USD 400,000 (EUR 390,000) for a period of 1 year from the date of grant and bearing interest at the rate of 1% per annum. Currently, the additional cash contribution has not been repaid and has been extended by a resolution of the Board of Directors of SHELLY GROUP SE dated 08 January 2025 for a further period of 1 year from the date of the resolution on the same terms and conditions. The accrued interest income for the period ending June 30, 2026, under this transaction amounts to EUR 4 thousand..

In 2023 Shelly Group SE has granted a cash loan to its subsidiary Shelly Tech d.o.o in the amount of BGN 978 thousand (EUR 500 thousand) under the following conditions: repayment term 31.12.2029, interest rate – according to the statistical data published by the Bulgarian National Bank on Interest rates and volumes on non-overdraft balances for the non-financial corporations' sector (in EUR over 5 years). The accrued interest income for the period June 30, 2026, under this transaction amounts to EUR 10 thousand.

In 2023 Shelly Group SE has granted an additional cash contribution to its subsidiary Shelly Tech avtomatizacija stavb, d.o.o, in the amount of BGN 978 thousand (EUR 500 thousand) under the following conditions: repayment term 1 year as of the date of provision of the cash, interest rate – 1% interest to be charged at the end of the period; the additional cash contribution is provided for the purpose of covering losses from previous years and temporary cash requirements for the normal continuation of business as usual. By decision of the Board of Directors dated May 10, 2024, the term of the additional cash contribution was extended for another year under the same conditions. The interest income accrued for the period ending June 30, 2026, under this transaction amounts to EUR 3 thousand.

In 2024 Shelly Group SE has granted an additional cash contribution of BGN 1 173 (EUR 600 000) to its Slovenian subsidiary Shelly Tech d.o.o. (formerly GOAP Računalniški inženiring in avtomatizacija proces d.o.o. Nova Gorica) under the following conditions: The additional cash contribution is provided for a period of 1 year at an annual interest rate of 1%. By decision of the Board of Directors during the reporting period, the term of the additional cash contribution was extended for another year under the same conditions. The accrued interest income for the period ending June 30, 2026, under this transaction amounts to EUR 3 thousand.

In 2024, the Board of Directors of Shelly Group SE approved and the subsidiary Shelly Europe Ltd. has concluded with UNITED BULGARIAN BANK AD, UIC 000694959 an overdraft agreement with a credit limit of up to BGN 10 000 000.00 /ten million BGN/, with a final repayment term of 29. 10.2027 and at an annual interest rate on the regular principal amount - UBB short-term interest rate /SLR/ plus 2.5 /two point five tenths/ per annum, but not less than 2.5% /two point five tenths/ per annum. The overdraft is secured by a registered pledge of subsidiary's receivables from clients and a financial collateral agreement. During the reporting period the Board of Directors of Shelly Group SE approved and the subsidiary Shelly Europe Ltd. has signed an annex for increase of the overdraft limit to 20 000 000 BGN. The additional overdraft limit is secured in addition with pledge of goods on stock. Annual rate and period remain unchanged.

In second quarter of 2025, the Board of Directors of Shelly Group SE has resolved to provide its US subsidiary Shelly USA Inc. with financing in the form of an additional cash contribution of USD 700 thousand for a period of one year at an annual interest rate of 1%. This cash contribution is provided in addition to the amounts of USD 1 million and USD 400 thousand already provided in 2022 and 2024, respectively, extended with another one year as of the date to the resolution The accrued interest income for the period ending March 31, 2026, on this transaction amounts to EUR 1 thousand.

During the reporting period, the Board of Directors of Shelly Group SE approved and the subsidiary Shelly Europe Ltd. concluded with UNITED BULGARIAN BANK AD, UIC 000694959, a credit line agreement with a limit of up to BGN 25,000,000.00, with a final repayment date of July 30, 2028, and an annual interest rate on the regular principal amount equal to the short-term interest rate of UBB (KLP) plus a 2.25% annual surcharge, but not less than 2.25% per annum. The credit line is secured by a special pledge on the receivables of the subsidiary, a financial collateral agreement and a registered pledge on products on stock.

In the forth quarter of 2025, the Board of Directors of SHELLY GROUP ED approved and the company provided its Polish subsidiary Shelly Poland s.p. zoo financing in the form of a short-term loan in the amount of EUR 400,000 (BGN 782,000) for a period of one year at an annual interest rate equal to the interest rate at which Shelly Group's subsidiaries use short-term bank financing, namely a variable annual interest rate equal to the short-term interest rate of UBB AD plus 2.5 (two point five) percentage points per annum, but not less than 2.5% per annum, which for the current interest period is 2.51 %. The amount has been fully utilized by the end of 2025. Interest income accrued for the period ending March 31, 2026, amounts to EUR 2 thousand.

For the purpose of fulfilling the obligation of the subsidiary “Shelly Europe” EOOD under the Office Lease Agreement to provide a bank guarantee in favor of the lessor “Office X” AD, during the fourth quarter of 2024, the subsidiary entered into an agreement with "Eurobank Bulgaria" EAD a loan agreement in the form of a credit line for the issuance of bank guarantees and letters of credit with "EUROBANK BULGARIA" AD for the amount of EUR 500 000 thousand with a term of 36 months. In connection with the introduction of the euro in the first quarter of 2026, the interest rate on the credit line has been updated, such that the interest rate is based on the one-month EURIBOR and unchanged contractual margin of 1.50%. To date, the amount of EUR 214 291.84 thousand has been drawn down under the credit line, which is covered by the aforementioned bank guarantee. The credit line is secured by a financial collateral agreement in the amount of the drawn-down sum.

The Company considers that there is no other information that has not been publicly disclosed that would be important to shareholders and investors in making an informed investment decision.

Dimitar Stoyanov Dimitrov

Digitally signed by Dimitar Stoyanov Dimitrov
Date: 2026.07.30 16:41:03 +03'00'

....

Dimitar Dimitrov

CEO, SHELLY GROUP SE

Shelly Group SE
51 Cherni Vrah Blvd.
Building 3, floor 2-3
1407 Sofia, Bulgaria
tel: +359 2 957 124
https://corporate.shelly.com/

ANNEX 4

UNDER 12, ITEM 1 OF ORDINANCE 2 OF 09.11.2021 OF FSC
TO THE QUATERLY REPORT ON BUSINESS ACTIVITIES OF SHELLY GROUP SE
AS OF THE SECOND QUARTER OF 2026
ON INDIVIDUAL BASIS

(reporting period 01.01.2026 – 30.06.2026)

Shelly Group SE, UIC: 201047670 ("Shelly Group" / "the Company"), notifies all current and future investors that the information presented in this document has been prepared in compliance with the requirements of Art.12, para. 1, item 1 of Ordinance No. 2 of the Financial Supervision Commission and represents Annex No. 4 thereto. It contains the legally determined information about the activity of the company on individual basis for the period from 01.01.2026 to 30.06.2026 ("reporting period"). It is in the interest of the investors to get acquainted with the provided information before making a decision to invest in the company's securities.

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

During the reporting period there was **no change** in the persons exercising control over the company. Currently the members of the Board of Directors and their functions are 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 representatives represent the Company together or separately.

As of 30.06.2026 the capital structure of SHELLY GROUP is as follows:

NAME OF SHAREHOLDER	PERCENTAGE OF THE CAPITAL
Dimitar Dimitrov*	28.84 %
Svetlin Todorov*	27.79 %
Other individuals and legal entities	43.47 %

As of the end of the reporting period the Company does not hold any treasury shares.

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

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

1.3. Concluding or executing significant transactions.

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

Within the scope of its ordinary course of business, the Company did not enter into any material transactions during the reporting period of 2025.

Following the end of the reporting period, the Company exercised a call option to acquire the remaining 24 % of the share capital of its subsidiary Shelly Tech d.o.o. for a price of €948,939.02

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

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

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

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

By resolution of the General Meeting of Shareholders of 29.06.2026 Deloitte Audit Ltd, UIC: 121145199 is appointed as the Company's auditor for 2026.

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

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

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

During the reported period, the issuer **did not** acquire any equity interests in commercial companies.

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

Other circumstances that the company believes may be important for the investors when deciding to acquire, sell or continue to hold shares were publicly disclosed, incl. in the individual Report on the Business Activities of the Company and the Explanatory Notes to the individual Financial Report for the reporting period.

On behalf of Shelly Group SE Dimitar Stoyanov Dimitrov

Digitally signed by Dimitar Stoyanov Dimitrov
Date: 2026.07.30 16:41:21 +03'00'

....

Dimitar Dimitrov, CEO

Shelly Group SE
51 Cherni Vrah Blvd.
Building 3, floor 2-3
1407 Sofia, Bulgaria
tel: +359 2 957 124
https://corporate.shelly.com/

PRESENTATION OF THE INSIDE INFORMATION

UNDER ART 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)

About the circumstances occurred during the period 01.01.2026 – 30.06.2026

Date	NOTIFICATION
13.01.2026	The Company has disclosed the following information to the FSC and the Public: Herewith Shelly Group SE (Ticker: SLYG / ISIN: BG1100003166) ("Shelly Group" / "the Company"), announce that according to preliminary data has achieved an increase in consolidated sales revenues from the sale of devices and related services of around 40% to EUR 149.7 million (c. BGN 292.8 million) in the financial year 2025 compared to the previous year. Thus, the result lies well in the middle of the consolidated sales revenues forecast range of EUR 145 million to EUR 155 million (BGN 284 million to BGN 303 million). The EBIT forecast for the financial year 2025 is confirmed. The revenue target of c. EUR 200 million for 2026 remains unchanged. The Company will officially disclose unaudited consolidated financials for FY 2025 on 23 February 2026 after the close of trading. Note: EUR/BGN exchange rate fixed at EUR 1 = BGN 1.95583.
14.04.2026	The Company has disclosed the following information to the FSC and the Public: Herewith Shelly Group SE (Ticker: SLYG / ISIN: BG1100003166) ("Shelly Group" / "the Company"), reports reported a year-on-year increase in revenue from Shelly devices and related services of approximately 26% to around EUR 33.4 million in the first quarter of 2026 (preliminary figures). Revenue performance in the first quarter was above the Company's internal expectations. The Company's liquidity position developed positively in the first quarter of 2026. Cash and cash equivalents increased by approximately 45% compared to year-end 2025 to EUR 19.9 million, reflecting changes in working capital that were primarily driven by developments in accounts payable. The structure and maturities of trade receivables improved. The volume of trade receivables is expected to normalize over the remainder of the year. The Company will publish its unaudited consolidated financial results for the first quarter of 2026 on 11 May 2026 after the close of trading. For further information, please visit corporate.shelly.com

Detailed information about the important events that occurred during the reporting period for Shelly Group PLC, as well as other information that could be important for investors is regularly disclosed by the company in accordance with regulatory requirements. In compliance with the requirement of Art.43a et seq. of Ordinance No. 2 of FSC, in conjunction with Art. 100t, Para 3 of the POSA. The Company discloses the regulated information to the public through selected information media. All information provided to the media in fully unedited text is available at: http://www.x3news.com/. The required information is submitted to the FSC - through the unified system for submission of information electronically, developed and maintained by the FSC - e-Register. The information is also available on the Company's website at: https://corporate.shelly.com/

Shelly Group SE
51 Cherni Vrah Blvd.
Building 3, floor 2-3
1407 Sofia, Bulgaria
tel: +359 2 957 124
https://corporate.shelly.com/

In relation to the trading of the Company's shares on the Frankfurt Stock Exchange and the requirements of this regulated market, the Company discloses inside information via the electronic reporting system established and maintained by Deutsche Börse AG - the Exchange Reporting System (ERS). The inside information transmitted via the ERS is published on the Deutsche Börse investor portal (https://www.boerse-frankfurt.de/) and https://www.dgap.de/. Publication is made via an authorized intermediary EQS Group.

Dimitar Stoyanov Dimitrov

Digitally signed by Dimitar Stoyanov Dimitrov
Date: 2026.07.30 16:41:43 +03'00'

……………………………………………

Dimitar Dimitrov, CEO
Shelly Group SE

ДЕКЛАРАЦИЯ

по чл. 100о, ал. 4, т. 3 от ЗППЦК

Долуподписаните,

ДИМИТЪР СТОЯНОВ ДИМИТРОВ, в качеството си на Изпълнителен директор на „ШЕЛЛИ ГРУП“ ЕД и

ИЛИЯНА ДИМИТРОВА КРУШКОВА, в качеството си на финансов директор на „ШЕЛЛИ ГРУП“ ЕД
С настоящото ДЕКЛАРИРАМЕ, че доколкото ни е известно:

a) комплектът финансови отчети към края на второто тримесечие на 2026 г. (“отчетния период“), съставени съгласно приложимите счетоводни стандарти, отразяват вярно и честно информацията за активите и пасивите, финансовото състояние и печалбата или загубата на „ШЕЛЛИ ГРУП“ ЕД;
b) индивидуалния доклад за дейността на „ШЕЛЛИ ГРУП“ ЕД през отчетния период съдържа достоверен преглед на информацията по чл. 100о, ал. 4, т. 2 от ЗППЦК, а именно - информация за важни събития, настъпили през отчетния период и за тяхното влияние върху резултатите във финансовия отчет, както и описание на основните рискове и несигурности, пред които е изправен емитентът през останалата част от финансовата година, както и друга съществена информация за отчетния период, съгласно законовите изисквания;

DECLARATION

in accordance with
Art. 100n para. 4, item 3 of POSA

We, the undersigned,

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

ILIYANA DIMITROVA KRUSHKOVA, in my capacity as Chief Financial Officer of SHELLY GROUP SE
Hereby DECLARE that to the best of our knowledge:

a) the financial statements of SHELLY GROUP SE as of the end of the second quarter of 2026 (“the reporting period”), prepared in accordance with the applicable accounting standards, presents truly and fairly the information about the issuer’s assets and liabilities, financial standing and profit;
b) the separate report on the business activities of SHELLY GROUP SE for the reporting period contains a truthful review of the information under Art. 100n(o), para. 4, item 2 of POSA and namely information about the major events in the reporting period, and their impact on the results in the financial statements, as well as a description of the major risks and uncertainties faced by the issuer in the remaining part of the year, as well as further essential information required by the law;

Декларатори / Declarers::

Dimitar Stoyanov Dimitrov
Digitally signed by Dimitar Stoyanov Dimitrov
Date: 2026.07.30 16:42:08 +03'00'
…………………………………

Димитър Димитров / Dimitar Dimitrov
Изпълнителен директор / Chief Executive Officer

Iliyana Dimitrova Krushkova
Digitally signed by Iliyana Dimitrova Krushkova
Date: 2026.07.30 16:29:50 +03'00'
…………………………………

Илияна Крушкова / Iliyana Krushkova
Финансов директор / Chief Financial Officer