

SHELLY GROUP SE
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2026



All amounts are in thousand euro unless otherwise stated

ASSETS	Note	June 30, 2026	December 31, 2025
Non-current assets			
Property, plant and equipment	3.01	1 859	882
Intangible assets	3.02	11 559	9 861
Right-of-use assets	3.03	5 214	5 490
Goodwill	3.04	1 860	1 860
Investments in associates	3.05	55	61
Deferred tax assets	3.06	1 697	1 697
Total non-current assets		22 244	19 851
Current assets			
Inventory	3.07	24 015	19 508
Trade receivables	3.08	66 130	78 662
Other receivables	3.09	3 515	1 540
Cash and cash equivalents	3.10	31 903	13 685
Financial assets	3.11	118	-
Total current assets		125 681	113 395
TOTAL ASSETS		147 925	133 246

Date: August 12, 2026

Prepared by:
/Sylvia Ivanova Tomova/

Executive Director:
/Dimitar Stoyanov Dimitrov/

The consolidated statement of financial position shall be read together with the accompanying notes on pages 7 – 64. The notes are an integral part of these consolidated financial statements.

All amounts are in thousand euro unless otherwise stated

LIABILITIES	Note	June 30, 2026	December 31, 2025
Non-current liabilities			
Lease liabilities	3.13	4 587	4 743
Payables to employees and social security	3.16	403	163
Retirement benefit obligations	3.14	250	250
Total non-current liabilities		5 240	5 156
Current liabilities			
Bank loans	3.12	2 984	3 371
Lease liabilities	3.13	745	819
Trade payables	3.15	8 991	8 673
Payables to employees and social security	3.16	1 701	2 077
Other liabilities	3.17	7 903	6 122
Total current liabilities		22 324	21 062
TOTAL LIABILITIES		27 564	26 218
EQUITY			
Share capital	3.18	9 261	9 284
Retained earnings	3.19	98 801	85 793
Legal reserves	3.20	992	989
Premium reserve	3.21	2 762	2 762
Share based payments reserve	3.22	7 384	7 384
Reserves from revaluation of defined benefits plans		(90)	(90)
Exchange differences from translation of foreign subsidiaries' financial statements		1 171	931
Equity attributable to Parent Company's equity holder		120 281	107 053
Non-controlling interest		80	(25)
TOTAL EQUITY		120 361	107 028
TOTAL EQUITY AND LIABILITIES		147 925	133 246

Date: August 12, 2026

Prepared by:
/Sylvia Ivanova Tomova/

Executive Director:
/Dimitar Stoyanov Dimitrov/

The consolidated statement of financial position shall be read together with the accompanying notes on pages 7 – 64. The notes are an integral part of these consolidated financial statements.

	Note	For the period ended June 30, 2026	For the period ended June 30, 2025 (reclassified)
Sales revenue	4.01	68 264	53 967
Cost of sales	4.01	(26 491)	(23 852)
Gross profit		41 773	30 115
Other operating income	4.02	1 835	1 936
Sales expenses	4.03	(9 195)	(6 150)
Administrative expenses	4.04	(14 944)	(9 811)
Other operating expenses	4.05	(1 740)	(3 913)
Profit from operating activity		17 729	12 177
Finance income	4.06	232	81
Finance expense	4.07	(302)	(342)
Share of associated companies' (loss)	3.05	(6)	(9)
Profit before tax		17 653	11 907
Income tax expense	4.08	(2 223)	(1 717)
Net profit		15 430	10 190
Other comprehensive income:			
Items, that will not be reclassified to profit or loss			
Exchange differences from translation of foreign subsidiaries' financial statements		262	515
Other comprehensive income for the period after taxes		262	515
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		15 692	10 705
Net profit attributable to:			
Owners of the Parent Company		15 347	10 057
Non-controlling interest		83	133
Other comprehensive income attributable to:			
Owners of the Parent Company		240	529
Non-controlling interest		22	(14)
Total comprehensive income attributable to:			
Owners of the Parent Company		15 587	10 586
Non-controlling interest		105	119
Earnings per share	4.09	0.85	0.56

Date: August 12, 2026

Prepared by:
/Sylvia Ivanova Tomova/

Executive Director:
/Dimitar Stoyanov Dimitrov/

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2026
All amounts are in thousand euro unless otherwise stated

SHELLY GROUP SE
UIC 201047670

	Share capital	Retained earnings	Premium reserve	Legal reserves	Share based payments reserve	Reserves from revaluation of defined benefits plans	Exchange differences from translation of foreign subsidiaries' financial statements	Total	Non-controlling interests	Total equity
Balance at January 1, 2025	9 257	63 060	2 762	986	-	(45)	267	76 287	(271)	76 016
Total comprehensive income, net, incl.	-	25 089	-	-	-	(45)	664	25 708	246	25 954
Net profit	-	25 089	-	-	-	-	-	25 089	256	25 345
Other comprehensive income	-	-	-	-	-	(45)	664	619	(10)	609
Exchange differences from translation of foreign subsidiaries' financial statements	-	-	-	-	-	-	664	664	(10)	654
Actuarial (loss)	-	-	-	-	-	(49)	-	(49)	-	(49)
Deferred tax	-	-	-	-	-	4	-	4	-	4
Share based payment	-	-	-	-	7 384	-	-	7 384	-	7 384
Replenishment of reserve	-	(3)	-	3	-	-	-	-	-	-
Increase of share capital	27	-	-	-	-	-	-	27	-	27
Dividends	-	(2 353)	-	-	-	-	-	(2 353)	-	(2 353)
Balance at December 31, 2025	9 284	85 793	2 762	989	7 384	(90)	931	107 053	(25)	107 028
Balance at January 1, 2026	9 284	85 793	2 762	989	7 384	(90)	931	107 053	(25)	107 028
Total comprehensive income for the period incl.	-	15 347	-	-	-	-	240	15 587	105	15 692
Net profit	-	15 347	-	-	-	-	-	15 347	83	15 430
Other comprehensive income	-	-	-	-	-	-	240	240	22	262
Exchange differences from translation of foreign subsidiaries' financial statements	-	-	-	-	-	-	240	240	22	262
Transfer to reserves	-	(3)	-	3	-	-	-	-	-	-
Dividends	-	(2 361)	-	-	-	-	-	(2 361)	-	(2 361)
Currency effect of revaluation of capital	(23)	23	-	-	-	-	-	-	-	-
Other adjustments	-	2	-	-	-	-	-	2	-	2
Balance at June 30, 2026	9 261	98 801	2 762	992	7 384	(90)	1 171	120 281	80	120 361

Date: August 12, 2026

Prepared by:
/Sylvia Ivanova Tomova/

Executive Director:
/Dimitar Stoyanov Dimitrov/

The consolidated statement of changes in equity shall be read together with the accompanying notes on pages 7-64. The notes are an integral part of these consolidated financial statements.

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2026**

All amounts are in thousand euro unless otherwise stated

SHELLY GROUP SE
UIC 201047670

	Note	For the period ended June 30, 2026	For the period ended June 30, 2025(reclassified)
<u>Cash flows from operating activities</u>			
Proceeds from customers		73 546	46 769
Payments to suppliers		(36 008)	(36 344)
Taxes (paid)/received		(3 993)	4 153
Corporate tax paid		(2 622)	(1 838)
Payments to employees and social security institutions		(8 294)	(6 505)
Bank (fees)/interest		37	21
Other payments, net		(364)	(73)
<u>Net cash flows from operating activities</u>		<u>22 302</u>	<u>6 183</u>
<u>Cash flows from investing activities</u>			
Payments for acquisition of property, plant and equipment and intangible assets		(3 609)	(2 111)
Proceeds from the sale of investments		-	160
Proceeds from non-refundable financing		409	-
Purchase of investments		(26)	(31)
<u>Net cash flows used in investing activities</u>		<u>(3 226)</u>	<u>(1 982)</u>
<u>Cash flows from financing activities</u>			
Lease payments		(551)	(460)
Loans received		4 134	1 715
Loans repaid		(4 538)	(522)
Cash flows related to interest and commissions		(44)	(8)
Other proceeds/payments, net		-	(6)
<u>Net cash flows used in financing activities</u>		<u>(999)</u>	<u>719</u>
<u>Net increase/(decrease) in cash and cash equivalents for the period</u>		<u>18 077</u>	<u>4 920</u>
<i>Net exchange differences</i>		141	(311)
Cash and cash equivalents at the beginning of the year		13 685	13 985
<u>Cash and cash equivalents at the end of the period</u>	3.10	<u>31 903</u>	<u>18 594</u>

Date: August 12, 2026

Prepared by:
/Sylvia Ivanova Tomova/

Executive Director:
/Dimitar Stoyanov Dimitrov/

The consolidated statement of cash flows shall be read together with the accompanying notes on pages 7-64. The notes are an integral part of these consolidated financial statements.

All amounts are in thousand euro unless otherwise stated

CONTENTS

1. Information on the Group.....	9
2. Basis for preparation of the financial statements and material accounting policy information.....	11
2.1. Basis for preparation	11
2.2.1. Standards effective for the current reporting period.....	12
2.2.2. Amendments to the existing IFRS accounting standards issued by the IASB and adopted by the EU, but not yet effective	12
2.2.3. New standards and amendments to the existing IFRS accounting standards, issued by the IASB, but not yet adopted by the EU	12
2.3. Going concern	13
2.4. Functional and reporting currency	14
2.5. Comparative data	14
2.6. Transactions and balances.....	15
2.7. Accounting estimates and judgements	16
2.8. Subsidiaries and associated companies	16
2.9. Discontinued operations.....	17
2.10. Non-controlling interest	17
2.11. Consolidation	18
2.12. Definition and assessment of the items of the consolidated financial statements	18
2.12.1. Revenue.....	18
2.12.2. Expenses.....	20
2.12.3. Property, plant and equipment.....	21
2.12.4. Intangible assets	22
2.12.5. Goodwill.....	23
2.12.6. Investments in associated companies	24
2.12.7. Inventories.....	24
2.12.8. Financial instruments	25
2.12.9. Cash and cash equivalents.....	31
2.12.10. Lease	31
2.12.11. Provisions.....	32
2.12.12. Payables to employees	33
2.12.13. Share capital and reserves	34
2.12.14. Income tax expense	36
2.12.15. Earnings per share	36
2.12.16. Significant judgements in applying the Group's accounting policy.....	37
2.12.17. Fair values	39
3.01. Property, plant and equipment	40
3.02. Intangible assets	41
3.03. Right-of-use assets	42
3.04. Goodwill.....	42
3.05. Investments in associates	42
3.06. Deferred tax assets	43
3.07. Inventory	43
3.08. Trade receivables	44
3.09. Other receivables.....	44
3.10. Cash and cash equivalents.....	45
3.11. Financial assets.....	45
3.12. Bank loans.....	45

All amounts are in thousand euro unless otherwise stated

3.13. Lease liabilities.....	46
3.14. Retirement benefits obligation	46
3.15. Trade payables	47
3.16. Payables to employees and social security obligations	47
3.17. Other liabilities.....	47
3.18. Share capital.....	48
3.19. Retained earnings	48
3.20. Legal reserves	48
3.21. Share premium reserve.....	49
4. Notes to the consolidated statement of comprehensive income	49
4.01. Sales revenue and cost of sales.....	49
4.02. Other operating revenue	49
4.03. Sales expenses	50
4.04. Administrative expenses	50
4.05. Other operating expenses	50
4.06. Financial income	50
4.07. Financial expenses	51
4.08. Income tax expense	51
4.09. Earnings per share, net	51
5. Contingent liabilities and commitments.....	52
6. Related party transactions	53
7. Financial instruments by categories	54
8. Financial risk management.....	55
9. Fair values	63
10. Events after the end of the reporting period	64

All amounts are in thousand euro unless otherwise stated

1. Information on the Group

1.1. Legal status

Shelly Group SE (The Parent Company), Sofia, is entered in the Commercial Register of the Registry Agency with UIC (Unified Identification Code): 201047670 and LEI code 8945007IDGKD0KZ4HD95. The Parent Company is with seat and registered office in Bulgaria, 1407 Sofia, 51 Cherni Vrah Blvd., building 3, floor 2 and 3. The initial registered fixed capital is 2 806 thousand euro. At the end of 2015, the capital was increased to 6 902 thousand euro through cash and non-cash contributions. At the end of 2016, the capital was increased to 7 669 thousand euro after the successful Initial Public Offering on the Bulgarian Stock Exchange. In 2020, the capital was increased to 9 203 thousand euro as a result of a procedure for Secondary Public Offering of a new issue of shares.

In July 2023, the capital was increased to 9 229 thousand euro. The increase was addressed to employees of Shelly Group SE and its subsidiaries.

In June 2024, the capital was increased to 9 257 thousand euro. The increase was addressed to employees of Shelly Group SE and its subsidiaries.

In July 2025, the capital was increased to 9 284 thousand euro. The increase was addressed to employees of Shelly Group SE and its subsidiaries.

Since December 2016 the shares of Shelly Group SE are traded on the Bulgarian Stock Exchange and since November 22, 2021 the Parent company's shares are traded on the Frankfurt Stock Exchange in addition as of April 10, 2026 shares are included in the SDAX index of the Frankfurt Stock Exchange.

1.2. Ownership and management

The Shelly Group SE (the Group) includes Shelly Group SE and its subsidiaries as listed on the next page, in which the Parent Company has controlling interest directly. Shelly Group SE is a public company in Bulgaria under the Public Offering of Securities Act.

The distribution of the share capital of Shelly Group SE as of June 30, 2026, was as follows:

Name	Number of shares:	% of the capital
Dimitar Dimitrov	5 237 564	28.84%
Svetlin Todorov	5 045 620	27.79%
<i>Persons holding less than 5% of the capital</i>		
Other physical persons and legal entities	7 874 876	43.37%
Total	18 158 060	100.00%

All amounts are in thousand euro unless otherwise stated

As of December 31, 2025, shareholders of the Company are as follows:

Name	Number of shares:	% of the capital
Dimitar Dimitrov	5 237 564	28.84%
Svetlin Todorov	5 045 620	27.79%
<i>Persons holding less than 5% of the capital</i>		
Other physical persons and legal entities	7 874 876	43.37%
Total	18 158 060	100.00%

The Parent Company is managed by Board of Directors (BoD) and is represented by Svetlin Todorov, Dimitar Dimitrov and Wolfgang Kirsch jointly and separately. The composition of the Board of Directors as at June 30, 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 – member of the Board of Directors and representative;

1.3. Scope of activities

The main scope of activity of Shelly Group SE includes the acquisition, management, evaluation and sale of participations 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 companies in which the Parent Company participates; financing of companies in which the Parent Company participates. The Group includes companies engaged in the development, production and trading in smart (IoT) devices.

1.4. Group structure

As of 30 June 2026 and 31.12.2025, the Group includes Shelly Group SE and the following subsidiaries, in the country and abroad, which it controls.

Company name	30 June 2026	31 December 2025
	Percentage of participation	Percentage of participation
<i>In Bulgaria</i>		
<i>Shelly Trading EOOD</i>	100%	100%
<i>Shelly Europe EOOD</i>	100%	100%

All amounts are in thousand euro unless otherwise stated

Company name	30 June 2026	31 December 2025
	Percentage of participation	Percentage of participation
Abroad		
Shelly USA, USA	100%	100%
Shelly DACH GMBH, Germany	100%	100%
Shelly Tech d.o.o., Slovenia	76%	76%
Shelly Asia Ltd, China	80%	80%
Shelly Poland SP. Z O O., Poland	100%	100%

On February 22, 2024, Shelly Group SE exercised its call option to acquire an additional 16% share of the capital of its subsidiary Slovenian IoT company Shelly Tech.

The remaining 24% of the company's shares held by three partners are subject to an additional Call/Put option that can be exercised in 2026 according to the agreed terms.

In 2024, the subsidiary Shelly Trading EOOD opened a representative office in the Netherlands.

On May 31, 2024, the Parent company exercised its call option to acquire 50% in the associated company Shelly Asia ltd., (formerly known as Allterco Asia ltd.), and thus the ownership share reached 80%.

On April 24, 2025 with a decision of the Board of Directors of Shelly Group SE Shelly Poland SP. Z O O was established, a subsidiary in Poland, with a share capital of 374 thousand euro (PLN 1 600 000).

2. Basis for preparation of the financial statements and material accounting policy information

2.1. Basis for preparation

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

These consolidated 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 comprises the IFRS Accounting Standards as adopted by EU and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), approved by the IASB, and the International Accounting Standards and Interpretations of the Standing Interpretations Committee (SIC), approved by the International Accounting Standards Committee (IASC), effective from January 1, 2026, and adopted by the EU.

All amounts are in thousand euro unless otherwise stated

2.2. Initial application of new and amended IFRS Accounting Standards

2.2.1. Standards effective for the current reporting period

The Group'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 consolidated 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.

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

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

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 consolidated financial statements.

2.2.2. Amendments to the existing IFRS accounting standards issued by the IASB and adopted by the EU, but not yet effective

At the date of authorisation of these financial statements, the Group 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. New standards and amendments to the existing IFRS accounting standards, issued by the IASB, but not yet adopted by the EU

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

All amounts are in thousand euro unless otherwise stated

- **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 Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the consolidated financial statements of the Group 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 Group is in process of analysing the specific impact of IFRS 18 on its consolidated financial statements, however, the new standard will not affect the recognition of financial results, it will affect only 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 Group'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 consolidated financial statements, if applied as at the reporting date.

2.3. Going concern

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

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

All amounts are in thousand euro unless otherwise stated

The military conflict in the Middle East, even after its escalation in early March 2026, is also not expected to directly impact the Group's results and financial position, as a negligible portion of the subsidiaries' revenues are from customers in the region. In addition, the Group's management has taken actions to maintain sustainable supply chains in view of the increased geopolitical uncertainty.

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

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

2.4. Functional and reporting currency

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 Group's financial statements is the euro (EUR). These interim consolidated financial statements are prepared in thousands of euros, unless otherwise indicated in the relevant place. Earnings per share are presented in euros.

The data in the elements of the consolidated financial statements and the notes thereto are presented in thousands of euro, unless explicitly stated otherwise.

The companies of the Group keep their accounting records in the functional currency of the country in which they operate. The effects of exchange differences relating to the settlement of foreign currency transactions or the reporting of transactions in a foreign currency at rates that are different from those at which they were originally recognised shall be included in the consolidated statement of comprehensive income at the time they arise, treated as "other operating income and expenses" except those related to investments and loans denominated in foreign currency, which are presented as "finance income" and "finance expenses".

Non-monetary assets and liabilities originally denominated in a foreign currency are accounted for in a functional currency using the historical exchange rate at the date of the transaction and subsequently not revalued at a closing rate.

2.5. Comparative data

According to the Bulgarian accounting legislation and IAS, the financial year ends on December 31 and enterprises are required to present annual financial statements as of the same date, together with

All amounts are in thousand euro unless otherwise stated

comparative data as of that date for the previous year.

If necessary, the data presented for the previous year are adjusted for better comparability with the data from 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 translated at the official fixed exchange rate of 1.95583 leva per 1 euro. Differences resulting from rounding or exchange rate 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 Group 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 consolidated financial statements for the period ended June 30, 2026 are prepared in euros, following the transition to the euro, which is the functional currency of the Group, effective January 1, 2026. All amounts are presented in thousands of euros, including comparative information for 2025, unless otherwise stated.

The comparative data for 2025 has been reclassified in the designated explanatory notes to ensure comparability with the current period presentation. The reclassification has no effect on the net financial result, total comprehensive income, or the Group's equity.

2.6. Transactions and balances

A transaction in foreign currency is recognized initially in the functional currency by applying the foreign currency exchange rate (spot) between the functional currency and the foreign currency at the time of the transaction or operation.

At each date of financial statement preparation:

- (a) monetary positions, receivables and payables denominated in foreign currency are recalculated into the functional currency using the reference exchange rate of euro to the foreign currency published by the BNB on their web page on the last business day of the respective month;
- (b) non-monetary items held at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, if an exchange rate other than that of the transaction (average monthly, daily or other) is applied; and
- (c) non-monetary items held at fair value in a foreign currency are recalculated using the exchange rates at the date when the fair value was determined.

Foreign currency exchange differences are recognized in accordance with IAS 21 the Effects of Changes in Foreign Exchange Rates.

The items of the consolidated statement of financial position and consolidated statement of comprehensive

All amounts are in thousand euro unless otherwise stated

income of foreign companies of the Group, using a functional currency other than euro, are retranslated into euro to be included in the consolidated statement of the Group as follows:

- All monetary and non-monetary assets and liabilities (including comparative information) are recalculated at the reference exchange rate of euro to the foreign currency published by BNB on their web page at the date of the relevant statement of financial position; Monetary positions in foreign currency as of December 31, 2025 and June 30, 2026 are retranslated in these financial statements at the closing exchange of the BNB. As of December 31, 2025 – 1.1757 USD for 1 EUR; 0.8292 GBP for 1 EUR, 8.2216 CNY for 1 EUR, 4.5723 PLN for 1 EUR and 1.95583 BGN for 1 EUR, and as of June 30, 2026 – 1.1394 USD for 1 EUR; 0.86178 GBP for 1 EUR; 7.7314 CNY for 1 EUR and 4.2955 PLN for 1 EUR.
- The income and expense items of each comprehensive income statement are recalculated at the accounting date at the weighted average exchange rate for the accounting period;
- All exchange rate differences obtained are recognized in the statement of comprehensive income.
- The cumulative amount of these exchange rate differences is presented in a separate component of equity until the foreign operation is disposed.
- Share capital and other components of equity are translated using the historical rate, i.e. the exchange rate at the date of issue of share capital, or at the date of the associated transaction for other components of equity.

2.7. Accounting estimates and judgements

The application of the IAS requires the Group's management to apply certain accounting assumptions and judgments when preparing the annual consolidated financial statements and when determining the value of some of the assets, liabilities, income, expenses and contingent assets and liabilities.

All assessments are based on the management's best judgment as of the date of preparation of these consolidated financial statements. Actual results could differ from those presented in these consolidated financial statements.

In preparing these consolidated financial statements, the management used judgments related to the following items:

- Right-of-use assets – period of use of the assets and discount factor (Note 3.03)
- Short-term receivables – need for impairment (Note 3.08)
- Retirement benefits obligations (Note 3.14)
- Deferred tax assets (Note 3.06)
- Warranty service provision (Note 3.17)

2.8. Subsidiaries and associated companies

Subsidiaries are the entities over which Shelly Group SE exercises control as defined in IFRS 10

All amounts are in thousand euro unless otherwise stated

Consolidated Financial Statements.

The parent-company (the investor) controls the investee company if it has:

- Rights over the ownership of the subsidiary;
- Rights over the variable returns from its participation in the subsidiary;
- Ability to use its powers over the entity in order to influence the size of return on investment.

Subsidiaries are considered controlled starting from the date on which control is acquired by the Group and they cease to be consolidated on the date when it is assumed that the control has been lost.

Associated company is a company in which the Group has significant influence on decisions regarding operating and financial policies, but without being able to fully control those policies.

2.9. Discontinued operations

In case of sale or other form of loss (transfer) of control over a subsidiary:

- The assets and liabilities (including if there is associated goodwill) of the subsidiary are written off at book value on the date of loss of control.
- The non-controlling interest in this subsidiary is written off at book value in the consolidated statement of financial position as of the date of loss of control, incl. any components of other comprehensive income related thereto.
- The consideration received from the transaction, event or operation that led to the loss of control is recognized at fair value;
- Any resulting difference is recognized as “gain or loss on disposal (sale) of a subsidiary” in the consolidated statement of comprehensive income belonging to the parent company. Profits or losses from the sale (release) of a given subsidiary (enterprise) from the Group also include the book value of the goodwill, deductible for the sold (released) company (enterprise).

2.10. Non-controlling interest

The non-controlling interest is valued at the proportionate share of identifiable net assets at the date of acquisition.

Changes in the Group’s ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group’s interests and non-controlling interests is adjusted to reflect changes in their relative interests in subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent Company.

All amounts are in thousand euro unless otherwise stated

2.11. Consolidation

The consolidated financial statements of the Group include the financial statements of the parent company and the subsidiaries. All assets, liabilities, capital, income, expenses and cash flows of the group companies are presented as such as they belong to just one entity.

Subsidiaries are those entities that are controlled by the Parent Company. Control occurs when the parent company exercises its rights on variable return arising from its participation in the subsidiary's capital and has the ability to influence this return from investment through its power. The consolidated financial statements have been prepared following the same accounting policies with respect to similar transactions and business facts of all companies in the Group. All mutual interests, as well as significant internal transactions, balances and unrealized gains in the Group are eliminated and the financial statements are prepared using the full consolidation method. The financial results of operations of the subsidiaries are included in the consolidated financial statements from the date of acquisition of control over them and cease to be consolidated from the date on which such control is lost. When a subsidiary is acquired as a result of an internal group restructuring, its net assets and financial result are included from the beginning of the earliest accounting period presented in the financial statements.

2.12. Definition and assessment of the items of the consolidated financial statements

2.12.1. Revenue

The Group recognises revenue from the following major sources:

Sale of electronic devices

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group sells electronic devices both to the wholesale market and directly to customers through its own website and through direct sales. Sales-related warranties associated with the products cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets (see Note 3.15).

For sales of electronic equipment to the wholesale market, revenue is recognised by the Group when control of the goods has transferred, being at the moment when the goods are shipped. Following shipment dispatch, the wholesaler has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, and the Group expects to receive payment in the agreed term.

All amounts are in thousand euro unless otherwise stated

The Group recognizes revenue from sales through an online store at the time the goods are shipped to the address requested by the customer. The payment received from the customer is initially recognized as a contractual obligation until the goods are shipped to the customer.

Under the Group's standard contract terms, customers have a right of return within 14 days. In case of returned goods, the Group adjusts the recognized revenue by reducing it by the value of the returned goods. At the same time, the Group has an obligation to receive back the returned goods, if the customer decides to exercise its right to return the goods and accordingly reduces the cost of goods sold and increases its stock.

The Group uses historical experience to determine the expected value of returned goods in each calendar year. The method assumes that the Group does not expect, with a high probability, to receive returns of goods in amounts significantly exceeding the volume of returned goods in previous years, expressed as a percentage of revenue.

During the reporting period there are no changes in the Group's revenue recognition policy related to sales of electronic devices.

Revenue from services

The Group reports revenue from services, complying with the commitments under the contract. Revenue from services is reported upon final completion of the services recognized as performed.

The Group offers its customers a subscription to cloud services. The subscription can be paid in monthly instalments or once for a calendar year. In the event that a customer pays an annual subscription, the entire amount is initially recognized as a contractual liability, and each month 1/12 of the amount paid is recognized as revenue.

Other income/revenue

Other income and revenue are recognized when the right to receive them is established.

The Group companies apply IFRS 15 and the management carefully examines its trade practices for possible changes at the time of revenue recognition. No change in the performance obligations and the price allocation in the contracts and revenue recognition is needed for the reporting year.

Revenue-related grants

Grants provided to offset expenses are recognized when there is reasonable certainty that the entity will comply with the conditions attached to their provision and that the funding will be received.

When grants are intended to offset specific expenses, they are recognized as income in the period in which the related expenses are recognized, provided that the criteria for their recognition are met at that time.

All amounts are in thousand euro unless otherwise stated

When these criteria are met in a subsequent reporting period, the funding is recognized as income in that subsequent period.

Revenue-related grants are presented gross in the statement of profit or loss as income, separate from the expenses they are intended to offset.

Cash received under grants intended to offset current expenses are presented as cash flows from operating activities. Payments for the related expenses are also presented as cash flows from operating activities, without offsetting between the two cash flows.

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. Finance expenses comprise interest expenses and other direct costs on loans, as well as bank commissions and currency exchange rate losses.

2.12.2. Expenses

Expenses at the Group companies 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 consolidated 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 consolidated 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.

Expenses for future periods shall be deferred for recognition as current expenses in the period in which the obligations under the contracts to which they refer, would be performed.

All amounts are in thousand euro unless otherwise stated

2.12.3. Property, plant and equipment

Property, plant and equipment (non-current tangible assets) are presented in the financial statements at acquisition cost (cost price) less accumulated depreciation and impairment losses.

Initial recognition

Upon initial acquisition, property, plant and equipment are evaluated at acquisition cost (cost price), which includes the purchase price, including customs charges and any directly attributable costs of bringing the asset to working condition. The direct costs are as follows: costs of site preparation, costs of initial delivering and handling, installation costs, costs for personnel remuneration fees related to the project, non-refundable taxes, etc.

When acquiring property, plant and equipment on a deferred payment basis, the purchase price is equivalent to the present value of the liability, discounted on the basis of the interest rate on the borrowed resources of the Group with a similar maturity and purpose. The difference between the cash price equivalent and the total payment is recognized as interest over the course of the loan, unless it is capitalized in accordance with IAS 23.

Measurement after recognition

The approach chosen by the Group for the subsequent measurement of property, plant and equipment is the acquisition cost model - less any subsequent depreciation and any accumulated impairment losses.

For all other classes of non-current tangible assets, the Group applies the acquisition cost model.

Depreciation Methods

The Group uses the straight-line method of depreciation of non-current tangible assets. Depreciation of assets begins when they are available for use. The useful life by groups of assets is determined in accordance with: physical wear and tear, specifics of the equipment, future intentions for use and actual obsolescence.

The useful life by classes of assets is as follows:

Vehicles	4 years
Buildings	25 years
Machinery and equipment	3.33 years
Computer equipment	2-5 years
Office equipment	5-6.67 years
Other non-current tangible assets	6.67 years

All amounts are in thousand euro unless otherwise stated

The determined useful life of non-current tangible assets is reviewed at the end of each year and, if significant deviations are found against future expectations for the useful life of the assets, it is adjusted prospectively.

Derecognition of non-current tangible assets

The carrying amount of an item of property, plant and equipment is written off: when it is sold, when no other economic benefits are expected from its use, or when it is disposed.

Gains or losses arising on the derecognition of an item of property, plant and equipment are included in the statement of comprehensive income when the asset is written off. Gains and losses on disposals of non-current assets are determined when the proceeds from sale (disposal) are reduced by the book value of the asset and the costs related to the sale. They are stated net, to “Other operating income” in the statement of comprehensive income.

The amount of consideration to be included in the gain or loss arising from the derecognition of an item of property, plant and equipment is determined in accordance with the requirements for determining the transaction price in paragraphs 47–72 of IFRS 15. Subsequent changes to the estimated amount of the consideration included in the gain or loss shall be accounted for in accordance with the requirements for changes in the transaction price in IFRS 15.

Grants related to the acquisition of property, plant and equipment

Grants provided for the acquisition and commissioning of property, plant and equipment are recognized when there is reasonable certainty that the company will meet the conditions associated with their provision and that the financing will be received.

The funds received are initially recognized as deferred income in the statement of financial position.

After initial recognition, deferred income is recognized as income in the statement of profit or loss and other comprehensive income systematically and consistently over the useful life of the relevant assets, so as to match the depreciation costs that the financing compensates.

The amount of recognized income for each reporting period corresponds to the portion of the accrued depreciation for the financed assets relating to the same period.

Cash received under grants intended for the acquisition of property, plant and equipment are presented gross as cash flows from investing activities. Payments for the acquisition of the relevant assets are also presented gross as cash flows from investing activities, without compensation between the two cash flows.

2.12.4. Intangible assets

Intangible assets are presented in the consolidated financial statements at acquisition price (cost price) less

All amounts are in thousand euro unless otherwise stated

accumulated depreciation and impairment losses.

The Group applies a straight-line method of depreciation of intangible assets with a useful life of 2 years for the software products, 6.67 years for the prototypes and software development, 3 years for an ISO certificate.

The book value of the intangible assets is reviewed for impairment when there are events or changes in circumstances that indicate that the book value amount could exceed their recoverable amount. Then the impairment is included as an expense in the consolidated statement of comprehensive income.

Initial recognition

Externally generated intangible assets on their acquisition are measured at acquisition price, which includes purchase price, import duties, non-refundable taxes and expenses of preparing the asset for its intended use. The direct expenses are: costs of employee benefits (as defined in IAS 19) and professional fees arising directly from bringing the asset to its working condition; costs for testing whether the asset is functioning properly, expenses for fees of persons related to the project, non-refundable taxes, etc.

Intangible assets are recognized if they meet the definition of intangible assets set out in IAS 38 Intangible Assets, namely:

- Meet the definition of an intangible asset;
- Upon their acquisition they can be reliably measured;
- Economic benefits are expected from the use of the asset, as evidenced by the availability or plan to obtain sufficient resources to enable the Group to obtain the expected economic benefits; the ability to effectively perform its functional role in accordance with the intention of the Group regarding its use or there is a clearly defined and specified technical feasibility.

Subsequent costs

Expenses related to the maintenance of initially established standard efficiency, incurred after the commissioning of intangible non-current assets, are recognized as current at the time when they are incurred.

The carrying amount of the respective intangible asset is adjusted by the expenses that lead to increase of the expected future economic benefits from the use of an intangible asset above the initially determined standard efficiency.

2.12.5. Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Initially, it is measured in the consolidated financial statements as the excess of the sum of the consideration transferred over the amount of the net assets of the acquired company and subsequently it is presented at acquisition cost less

All amounts are in thousand euro unless otherwise stated

impairment losses. Goodwill is not amortized.

The goodwill originating as a result of the acquisition of a subsidiary is presented in the consolidated statement of financial position as a part of non-current assets and the goodwill originating as a result of acquisition of joint-ventures or associated companies is included in the total value of investment and is reported as “investments in associated companies”.

The goodwill associated with the acquisition of associated companies is tested for impairment as part of the total value of the investment. Separately recognized goodwill on the acquisition of subsidiaries is tested mandatorily for impairment at least once annually. Impairment losses on goodwill are not reversed subsequently. Gains or losses on sale (disposal) of a subsidiary of the Group also include the book value of the goodwill, associated with the sold (disposed) company.

Any goodwill amount recognized in the financial statements is attributable to a certain cash generating object at the time a business combination is completed, and this object is applied when tests for impairment are conducted. For determining the cash-generating objects, are considered only objects that are expected to generate future economic benefits and that are subject to the business combination, which generated the goodwill.

Losses from impairment of goodwill are presented in the consolidated statement of comprehensive income (in profit or loss for the year) as part of item “Impairment expenses”.

2.12.6. Investments in associated companies

These investments are reported in the consolidated financial statements of the Group by the equity method. By this method, the share of the Group in the comprehensive income of an associated company is consolidated on one line, so that the value of the investment corresponds to its share in the net assets as of December 31 for the respective year or at the end of the respective reporting period. The Group recognizes its share in losses in associated companies up to the amount of its investment, including internal loans granted, unless it has undertaken an obligation to pay such liabilities on behalf of the associated company.

As of June 30, 2026, the Group reports a share in the loss of associated companies amounting to 2 thousand euro. The value of the investment indicated in the consolidated statement of financial position has been decreased by the same amount.

2.12.7. Inventories

Inventories are accounted at the lower of the two following values: price for acquisition (cost) and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completing the production cycle and the estimated costs necessary to make the sale. In the event that

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inventories have already been depreciated to net realizable value and in a subsequent accounting period it turns out that the conditions that led to their impairment are no longer present, their new net realizable value is assumed. The amount of the refund can only be up to the amount of the book value of the inventory before the impairment. The amount of the reversal of the inventory value is reported as a reduction in the cost of materials for the period in which the reversal occurs.

The costs incurred to bring an inventory to its present condition and location are included in the cost of acquisition (cost) as follows:

- Materials - the purchase price and all related costs of delivery;
- Goods - the purchase price and all related costs of delivery, customs duties, transport costs, non-recoverable taxes and other costs incurred in order to bring the goods in ready for use state.

In the use (sale) of inventory, the weighted average method is used.

2.12.8. 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 consolidated statement of financial position when the Group becomes a party to the contractual terms of the relevant financial instrument that gave rise to this asset or liability.

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 Group's business management model. The Group 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 Group has applied a practically expedient measure, are stated at the transaction price determined according to IFRS 15. The Group 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.

All amounts are in thousand euro unless otherwise stated

The Group'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 Group 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) (measurement alternative);
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)

The Group 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 Group's financial assets at amortized cost include trade and other receivables, term deposits and cash at bank accounts.

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

Upon initial recognition, the Group may elect to classify irrevocably as equity instruments designated as measured at fair value in other comprehensive income when they meet the equity requirements under IAS

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32 Financial Instruments: Presentation and when they are not held for trading. The classification is determined on an individual instrument basis. These investments in equity instruments are held for medium to long-term purpose and accordingly, the Group elected to designate them as equity instruments at fair value through other comprehensive income as it believes that recognising short-term fluctuations in these investments fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long term purposes.

Gains and losses on these financial assets are never "recycled" in profit or loss.

Dividends are recognized as income in the statement of comprehensive income when the right to payment is established, except when the Group derives benefits from these receipts as a refund of part of the acquisition price of the financial asset, in which case the gains are reported in other comprehensive income. Equity instruments designated as measured at fair value in other comprehensive income are not in the scope of IFRS 9 expected credit loss model.

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 Group'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 Group 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 Group has transferred substantially all the risks and rewards of ownership of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the asset but has not retained control.

When the Group 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 Group also recognizes the related obligation. The transferred asset and related liability are valued on a basis that reflects the rights and obligations that the Group 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 Group may be required to pay. The Group applies the same derecognition policies for impaired financial assets.

Impairment of financial assets

All amounts are in thousand euro unless otherwise stated

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

- Significant judgements in applying the Group's accounting policy. Key estimates and assumptions with high uncertainty. (Note 2.12.16);
- Trade and other receivables (Notes 3.08 and 3.09).

The Group 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 Group expects to receive, discounted at an approximation of the original effective interest rate. Expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are an integral part of the terms of the contract.

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 Group applies the credit ratings of the banks and publicly available information on default rates for banks in order to prepare an impairment assessment. The Group uses historical experience in order to determine loss given default. As significant increase in credit risk has not been identified, the Group applies 12-month ECL.

The Group 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 Group 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.

All amounts are in thousand euro unless otherwise stated

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

Subsequent measurement

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

Financial liabilities at amortized cost

The Group'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 main financial instruments included in the consolidated statement of financial position of the Group 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 Group holds trade receivables for the purpose of collecting contractual cash flows and therefore measures them at amortized cost using the effective interest method. No discounting is applied when the effect is immaterial.

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

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

The Group 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.

All amounts are in thousand euro unless otherwise stated

When estimating expected credit losses on trade receivables, the Group uses its historical experience of credit losses on trade receivables to estimate the expected credit losses for the entire life of the financial assets.

Borrowings

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

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

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

Payables to suppliers, other current liabilities and advances received

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

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

Derivative financial instruments

The Group is exposed to currency risk related to the change in the EUR/USD exchange rate. In this regard, it has entered into a structured currency derivative with an embedded barrier option to call USD against EUR. The Group has not designated these derivatives as hedging instruments for the purposes of hedge accounting under IFRS 9, therefore they are classified and measured at fair value through profit or loss, with any subsequent changes in their fair value being recognized immediately in profit or loss for the period. Derivatives are initially recognized in the balance sheet on the date of conclusion of the contract (trade date), when the Group becomes a party to the contractual terms of the instrument. Upon initial recognition, the fair value of derivatives is usually equal to zero, as long as no initial net investment or premium payment is required. After their initial recognition, at the end of each reporting period, derivatives are remeasured mandatorily at their current fair value. The fair value assessment is provided by the servicing financial institution (Level 2 of the fair value hierarchy according to IFRS 13) and is accepted by the company's management after a review of the market data and parameters used. In this regard, when the current market assessment of the open tranches is positive, the instrument is presented in the balance sheet as a current financial asset and vice versa - when the current market assessment of the open tranches is negative, the

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instrument is presented in the balance sheet as a current financial liability.

Gains and losses arising from changes in the fair value of derivatives are presented in the Statement of Comprehensive Income as income or expenses from revaluation of derivative financial instruments. Upon the maturity of each individual tranche, the effect of the final settlement of the instrument is recognized in profit or loss for the period. Cash received under foreign exchange forwards in foreign currency is reported as a separate monetary item in accordance with IAS 21. When there is a foreign currency balance in bank accounts at the reporting date, it is revalued at the closing exchange rate, with any resulting exchange differences recognized in profit or loss. When the funds received are used immediately to pay an advance to a supplier, no monetary item balance arises that is subject to subsequent currency revaluation.

2.12.9. Cash and cash equivalents

Cash includes cash on hand and current accounts, and cash equivalents include short-term bank deposits with an original maturity of less than 3 months. The consolidated statement of cash flows is presented using the direct method.

Cash and cash equivalents are subsequently presented at amortised cost, excluding the accumulated allowance for expected credit losses.

2.12.10. Lease

On the effective date of the contract, the Group 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 Group as a lessee

The Group 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 Group 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 Group 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,

All amounts are in thousand euro unless otherwise stated

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 Group, 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 Group 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 Group is reasonably certain to exercise that option, as well as penalties for terminating the lease, if the lease term reflects the Group'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 Group 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 Group 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 Group 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.

2.12.11.Provisions

Provisions are recognised when the Group has a current (constructive or legal) liability as a result of a past event, and it is probable that the repayment/settlement of this liability will involve an outflow of resources.

All amounts are in thousand euro unless otherwise stated

Provisions are estimated based on management's best estimate as at the date of preparation of the financial statements of the costs necessary to settle the respective liability. The estimate is discounted when the maturity is long-term. When part of the resources to be used to settle the liability is expected to be recovered by a third party, the Group recognises a receivable in case it is highly probable to be received, its value can be reliably measured as well as an income (credit) under the same item in the consolidated statement of financial position, where the provision itself is presented.

The Group charges warranty service provisions. Liabilities for warranty service provisions are accrued based on management's best judgment of the potential amount of costs that the Group will incur upon the occurrence of a warranty event, based on the accumulated experience of goods/products sold.

2.12.12. Payables to employees

Current payables to employees

Current payables to employees include liabilities for work already performed and the relevant social security contributions required by law.

Defined benefit plans

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

Paid annual leave

The Group 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 Group pays the employee a compensation in the amount of two gross salaries, if the accumulated service at the Group is less than ten years, or six gross salaries, in case of accumulated service time at the Group 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 statement of financial position is made by licensed actuaries. The amount recognised in the 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

All amounts are in thousand euro unless otherwise stated

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 Group 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 Group'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 Group 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.

2.12.13. Share capital and reserves

The Group has adopted the capital maintenance financial concept. Maintaining the share capital is assessed in nominal monetary units. Profit for the reporting period is considered acquired only if the cash /financial/ amount of equity at the end of the period exceeds the cash amount at the beginning of the period, after deducting the distributions between the owners or the capital invested by them during the period.

Shelly Group SE is a joint-stock company and is obliged to register in the Commercial Register a certain amount of share capital to serve as collateral for the claims of creditors of the Parent Company. The shareholders are responsible for the Parent Company's liabilities up to the amount of their shareholding in the capital and can claim the return of this shareholding only in bankruptcy or liquidation proceedings. The Parent Company reports its share capital at the nominal value of the shares registered in court.

Equity is the residual value of the Group company's assets after deducting all of their liabilities. It includes:

Share capital is presented in the consolidated statement of financial position at nominal value per share according to the number of shares issued of the Parent company which as of 01.01.2026 has nominal value

All amounts are in thousand euro unless otherwise stated

0.51 euro per share in connection with conversion of capital in euro, which is its new functional and presentation currency. As a result of the translation, the Parent company reports an effect of 23 thousand euro in increase in retained earnings, in accordance with the provisions of the “Law on the introduction of the euro in Republic of Bulgaria”.

Financial result is the difference between the revenue and the related costs charged.

Equity is reported less the distributed dividends of the owned shares during the period in which they will be distributed (by decision of the General Meeting).

According to the requirements of the Commerce Act and the Articles of Association of the Parent Company Shelly Group SE, the Group is obliged to allocate reserves at the expense of:

- at least one tenth of the profit, which is allocated until the funds reach 10 percent of the share capital;
- the funds received above the nominal value of the shares upon their issuance (premium reserve).

Redeemed shares are presented in the consolidated statement of financial position at cost (acquisition price), with their gross purchase price reduced by the Group’s equity capital. Profit or loss from the sale of redeemed shares are presented directly in the Group’s equity, under the "Redeemed shares".

In past periods, the Group reported share-based payments to employees in Bulgarian subsidiaries. Share-based payments to employees related to services rendered are settled through equity instruments. Transferred capital instruments are measured at their fair value on the date of transfer. Share-based payment expense is recognised in the period in which the services are received.

Reserve from recalculation of the currency of the presented foreign activity - arises from the net effects of the translation of the accounts of subsidiaries abroad from their functional currencies into euro, for consolidation purposes.

Share-based payment reserve – The Group recognizes a share-based payment reserve in connection with equity instruments granted in accordance with IFRS 2 "Share-based Payment". The fair value of the granted instruments is determined at the grant date and is recognized as an expense over the vesting period, with a corresponding increase in equity – share-based payment reserve. Upon exercise of the instruments, the amounts accumulated in the reserve are transferred to share capital and/or share premium. If unexercised rights expire or are forfeited, the recognized amounts are not reversed but remain within equity.

Reserves from revaluation of defined benefits plans – The Group recognizes a liability related to the termination of labour contract of employees who have reached retirement age. Remeasurements of this liability, arising from experience adjustments and changes in actuarial financial and demographic assumptions, are recognized in other comprehensive income within equity as a retirement benefit reserve.

All amounts are in thousand euro unless otherwise stated

2.12.14. Income tax expense

Income tax expense is the amount of current income tax and the tax effect on temporary tax differences. Current taxes on the profit of Bulgarian companies are determined in accordance with the requirements of the Bulgarian tax legislation. The nominal tax rate in Bulgaria for 2026 and 2025 is 10%.

Subsidiaries abroad are charged according to the requirements of the relevant tax laws by country, at the following nominal tax rates:

Country	Nominal tax rates per year	
	2026	2025
Germany	30%	30%
USA	15-35%	15-35 %
China	25%	25%
Slovenia	22%	22%
Poland	19%	19%

Deferred income tax is calculated using the balance sheet liability method. Deferred tax liabilities are calculated and recognised for all taxable temporary differences, while deferred tax assets are recognised only if likely to be reversed and if the Group 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 reported where the effect of the event that gave rise to them is presented.

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

For events that are initially recognised in equity (revaluation reserve) deferred tax assets and liabilities are recognised in the consolidated statement of comprehensive income.

Deferred tax assets and/or liabilities are presented offset the consolidated statement of financial position as they are subject to a uniform taxation regime in the country.

As of June 30, 2026, the Group recognises income tax expenses only for Bulgarian companies and at a 10% tax rate, for the German entity at 30% tax rate, for the Chinese entity at 25% tax rate, for the Slovenian entity at 22% tax rate and for the Polish entity at 19% tax rate.

2.12.15. Earnings per share

Earnings per share are calculated by dividing the net profit or loss for the period attributable to shareholders by the weighted average number of ordinary shares held for the period.

All amounts are in thousand euro unless otherwise stated

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

Diluted earnings per share are not calculated because there are no potentially diluted shares issued.

2.12.16. Significant judgements in applying the Group's accounting policy

Key estimates and assumptions with high uncertainty

When applying the accounting policy, the Group's management makes certain estimates that have a significant effect on these financial statements. Such estimates, by definition, rarely equal actual results.

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

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

In performing this assessment, the current macroeconomic environment and the development of the geopolitical situation throughout 2026 and as of the date of preparation of these consolidated financial statements were taken in account, with a specific focus on the following factors:

The military conflict in Ukraine: The Group 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 consolidated financial statements, the Group companies have 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 Group's operational capacity to service its obligations.

Defined benefit plans

The employee defined benefit obligation is determined by actuarial valuation. This estimate requires assumptions on the discount rate, future wage growth, staff turnover and mortality rates. Due to the long-term nature of defined benefit plans, these assumptions are subject to significant uncertainty. The Group prepared an actuarial valuation of defined benefits and reported them in the consolidated financial statements at the end of 2026. As of 31.03.2026 the Group has not calculated new actuarial valuation(note 3.13).

All amounts are in thousand euro unless otherwise stated

Useful lives of property, plant and equipment and intangible assets

Financial reporting of property, plant and equipment and intangible assets includes the use of estimates of their expected useful lives and carrying amounts, based on the Group management's judgments.

Impairment of receivables

Management estimates the volume 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. Group's management compares prior year estimates with actual results.

The Group uses a simplified approach in reporting trade and other receivables and recognises an impairment loss as expected credit losses over the entire term. They represent the expected shortfall in contractual cash flows, given the possibility of default at any point in the life of the financial instrument. The Group uses its experience, external indicators and information to calculate expected credit losses in the long-term.

Impairment of property, plant and equipment

At the date of preparation of the financial statements, the Group's management organizes an impairment review of property, plant and equipment.

As of June 30, 2026, such review was carried out, as result of which management considered that no impairment indicators were available. No impairment loss on property, plant and equipment is reported in the consolidated financial statements.

Impairment of inventories

At the date of preparation of the financial statements, the Group's management reviews and analyses existing inventories. A review and analysis of all available inventories is made in terms of basic indicators – uniformity, commercial appearance, expiry date, etc., and expert prices are determined.

The proposed expert prices are consistent with the prices reached under concluded contracts for realization on the domestic and foreign markets, the dynamics of supply and demand of inventories, the latest price levels and trends in transactions with similar inventories. For the calculation of the net realisable value of individual types of inventories, the estimated direct costs associated with sales are excluded from determined expert selling prices. When assessing the inventories for which sales contracts are concluded, the net realisable value is determined based on the contract price less the cost of sales. Inventories not related to sales contracts are valued according to assumptions about the possibilities for their future disposal.

As of June 30, 2026, the Group has not recognized an impairment of inventory.

The impairment of inventories is calculated as the difference between their carrying amount, as recognized in the consolidated statement of financial position prior to review and analysis, and their net realisable value, determined on basis of expert prices as set out above.

All amounts are in thousand euro unless otherwise stated

Income taxes

The companies in the Group are tax entities under the jurisdiction of the tax administration in the country in which they operate. A significant estimate needs to be made to determine the tax provision. There are numerous examples for which the tax finally determined is unspecified in the normal course of business. Group companies recognise liabilities for expected tax payables based on the judgement of the management of the relevant company and the Group. When the final tax result of such events is different from the amounts originally recognized, those differences will affect current income tax and deferred tax provisions in the tax revisions period.

Leases

Determining the lease term for contracts with renewal and termination options – the Group as a lessee

The Group defines the lease term 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 a termination option if it is reasonably certain that the option will not be exercised (note 3.12).

2.12.17. Fair values

Some of the Group'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 Group uses observable data as far as possible.

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

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

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

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurs. In 2025 and as of 31.03.2026 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.

All amounts are in thousand euro unless otherwise stated

Notes to the consolidated statement of financial position

3.01. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Vehicles	Computers	Office equipmen t	Other	Assets under construction	Total
01.01.2025									
Cost	-	161	559	308	427	167	600	42	2 264
Depreciation	-	(161)	(450)	(83)	(273)	(87)	(80)	(7)	(1 141)
Book value	-	-	109	225	155	80	520	35	1 124
Additions (cost)	-	-	9	(133)	102	5	106	2	91
Purchase	-	-	9	-	102	5	104	2	222
Transfer	-	-	-	(133)	-	-	2	-	(131)
Disposals (book value)	-	(161)	(1)	13	-	-	-	(35)	(184)
Sale	-	-	-	(38)	-	-	-	-	(38)
Written-off	-	(161)	(1)	-	-	-	-	-	(162)
Transfer	-	-	-	51	-	-	-	(35)	16
Depreciation for the year	-	-	(53)	(63)	(98)	(14)	(88)	0	(316)
Other changes	-	161	1	7	(1)	-	-	-	168
	-	-	-	-	(1)	-	-	-	(1)
Depreciation of assets written off	-	161	1	7	-	-	-	-	169
Book value at the end of the year	-	-	65	49	158	71	538	2	883
31.12.2025									
Cost	-	-	567	188	529	172	706	9	2 171
Depreciation	-	-	(502)	(139)	(372)	(101)	(168)	(7)	(1 289)
Book value	-	-	65	49	157	71	538	2	882
01.01.2026									
Cost	-	-	567	188	529	172	706	9	2 171
Depreciation	-	-	(502)	(139)	(372)	(101)	(168)	(7)	(1 289)
Book value	-	-	65	49	157	71	538	2	882
Additions (cost)	-	-	992	-	48	5	3	1 168	2 216
Purchase	-	-	1	-	23	2	3	1 168	1 197
Transfer	-	-	991	-	25	3	-	-	1 019
Disposals (book value)	-	-	-	-	-	-	-	(1 019)	(1 019)
Transfer	-	-	-	-	-	-	-	(1 019)	1 019
Depreciation for the year	-	-	(100)	(15)	(49)	(7)	(49)	-	(220)
Change in depreciation	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-
Book value at the end of the year	-	-	957	34	156	69	492	151	1 859
30.06.2026									
Cost	-	-	1 559	188	577	177	709	158	3 368
Depreciation	-	-	(602)	(154)	(421)	(108)	(217)	(7)	(1 509)
Book value	-	-	957	34	156	69	492	151	1 859

In 2025, vehicles amounting to the value of 133 thousand euro, together with the accumulated depreciation, were transferred and classified as right-of-use assets (see Note 3.03).

In the first quarter of 2026, the Group purchased a line for production of shell devices in the amount of EUR 909 thousand. Part of the value of this investment is subject to financing under the "Competitiveness and Innovation in Enterprises" program 2021-2027.

All amounts are in thousand euro unless otherwise stated

3.02. Intangible assets

	Software	ISO Certificates and intellectual property rights	Patents, licenses, trademarks, prototypes and development	Other	Assets under construction	Total
01.01.2025						
Cost	210	41	4 861	1 660	1 552	8 324
Amortization	(170)	(18)	(1 124)	(182)	-	(1 494)
Book value	39	23	3 737	1 479	1 552	6 830
Additions (cost)	397	0	1 862	-	4 255	6 514
Self-constructed	-	-	-	-	4 220	4 220
Transfer	397	-	1 862	-	35	2 294
Disposals (book value)	-	-	(653)	-	(2 330)	(2 983)
Book value written off	-	-	(653)	-	(35)	(688)
Transfer	-	-	-	-	(2 295)	(2 295)
Amortization for the year	(8)	(11)	(681)	(239)	0	(1 835)
Change in amortization	-	-	439	-	-	439
Amortization of assets written off	-	-	439	-	-	439
Book value at the end of the year	429	12	4 704	1 239	3 477	9 861
31.12.2025						
Cost	607	41	6 070	1 660	3 477	11 855
Amortization	(178)	(29)	(1 366)	(421)	-	(1 994)
Book value	429	12	4 704	1 239	3 477	9 861
01.01.2026						
Cost	607	41	6 070	1 660	3 477	11 855
Amortization	(178)	(29)	(1 366)	(421)	-	(1 994)
Book value	429	12	4 704	1 239	3 477	9 861
Additions (cost)	-	-	2 671	19	2 412	5 102
Purchase	-	-	-	-	-	-
Self-constructed	-	-	-	-	2 412	2 412
Transfer	-	-	2 671	19	-	2 690
Disposals (book value)	-	-	-	-	(2 690)	(2 690)
Transfer	-	-	-	-	(2 690)	(2 690)
Amortization for the year	(63)	(6)	(528)	(117)	-	(714)
Change in amortization	-	-	-	-	-	-
Amortization of assets written off	-	-	-	-	-	-
Book value at the end of the year	366	6	6 847	1 141	3 199	11 559
30.06.2026						
Cost	607	41	8 741	1 679	3 199	14 267
Amortization	(241)	(35)	(1 894)	(538)	-	(2 708)
Book value	366	6	6 847	1 141	3 199	11 559

All amounts are in thousand euro unless otherwise stated

3.03. Right-of-use assets

	2026			2025		
	Vehicles	Buildings	Total	Vehicles	Buildings	Total
At the beginning of the year						
Cost	506	6 369	6 875	180	5 860	6 040
Depreciation	(232)	(1 153)	(1 385)	(124)	(279)	(403)
Book value	274	5,216	5,490	56	5 581	5 637
Additions (cost)	36	130	166	358	533	891
Operating lease	36	130	166	225	533	758
Transfer	-	-	-	133	-	133
Disposals (book value)	(2)	10	8	(32)	(24)	(56)
Written off	(2)	-	(2)	-	(10)	(10)
Other changes	-	10	10	(32)	(14)	(46)
Depreciation for the year	(49)	(401)	(450)	(58)	(737)	(795)
Change in depreciation	-	-	-	(50)	(137)	(187)
Written off	-	-	-	-	(137)	(137)
Transfer	-	-	-	(50)	-	(50)
Book value at the end of the year	259	4 955	5 214	274	5 216	5 490
Cost	540	6 509	7 049	506	6 369	6 875
Depreciation	(281)	(1 554)	(1 835)	(232)	(1 153)	(1 385)
Book value	259	4 955	5 214	274	5 216	5 490

The Group has concluded lease contracts for the lease of office premises and vehicles.

3.04. Goodwill

Name	June 30, 2026	December 31, 2025
Shelly Tech d.o.o, Slovenia	1 732	1 732
Shelly Asia Ltd., China	128	128
Balance at the end of the period	1 860	1 860

The Group has not recognized any goodwill impairment as of June 30, 2026 and December 31, 2025, respectively.

3.05. Investments in associates

As of June 30, 2026 SHELLY GROUP SE holds an associate interest consisting of 8 010 preferred shares, representing 8.495% of the share capital of Ground Solutions Group AD, UIC: 206606897. The interest was acquired as a result of a transformation through a merger of Corner Solutions EOOD into Ground Solutions Group AD, carried out in 2024.

Movement of investments in associates is as follows:

All amounts are in thousand euro unless otherwise stated

	June 30, 2026	December 31, 2025
Balance as of January 01	61	82
Share in net (loss) for the period	(6)	(21)
Balance as of the end of the period	55	61

3.06. Deferred tax assets

	June 30, 2026	December 31, 2025 (reclassified)
Deferred tax assets		
Deferred tax on share-based payments	738	738
Deferred tax on accrued expenses	553	553
Deferred tax on unused paid leave	59	59
Deferred tax related to the application of IFRS 16	5	5
Deferred tax on impairment of receivables	178	178
Deferred tax on warranty provision	92	92
Deferred tax on unused benefits of individuals	53	53
Deferred tax on long-term employee benefits	19	19
Total assets	1 697	1 697
Deferred tax liabilities		
Deferred tax related to the application of IFRS 16	-	-
Total liabilities	-	-
Total deferred tax assets, net	1 697	1 697

3.07. Inventory

	June 30, 2026	December 31, 2025
Goods	19 321	15 603
Goods in transit	22	648
Materials stored abroad	2 693	1 470
Materials stored in Bulgaria	1 979	1 787
Total	24 015	19 508

As of June 30, 2026, the consolidated statement of financial position includes:

- Materials stored abroad representing components for production, purchased on behalf of the Group, by its main suppliers of production services amounting to 2 693 thousand euro. The components are available in the warehouses of the suppliers, and the Group holds the title on the components;
- Goods in transit that are not available in the Group's warehouses, but which it owns under purchase agreements.

All amounts are in thousand euro unless otherwise stated

It is the policy of the Group companies to strive to maintain optimal stock levels equal to the estimated sales for several months ahead. The Group's management believes that the trend for the foreseeable future is for stock levels to increase as a result of growing sales as well as an increasing assortment of devices.

As of 30 June 2026 and 31.12.2025, the Group has no accrued impairment of goods and inventories.

3.08. Trade receivables

	June 30, 2026	December 31, 2025
Receivables from clients	59 611	67 625
Impairment of receivables from clients, net	(755)	(762)
Advances to suppliers	8 290	12 815
Impairment of advances to suppliers	(1 016)	(1 016)
Total	66 130	78 662

The movement in impairment of trade receivables during the period is as follows:

	2026	2025
Impairment at the beginning of the year	1 778	172
Written off and reversed impairment	(7)	(143)
Impairment charged	-	733
Impairment charged on advances to suppliers	-	1 016
Impairment at the end of the period, net	1 771	1 778

3.09. Other receivables

	June 30, 2026	December 31, 2025
TAX RECEIVABLES, including:	2 553	593
VAT recoverable	1 226	299
Corporate tax advance payments	1 327	294
OTHER RECEIVABLES, including:	1 220	947
Deposits in commercial entities and guarantees	213	128
Petty cash	69	41
Prepaid expenses	653	613
Other receivables	27	165
Total	3 515	1 540

The prepaid expenses include:

	June 30, 2026	December 31, 2025
Information services	85	175
Insurance	96	94
Subscriptions	262	116
Exhibitions	174	222
Other	36	6
Total	653	613

All amounts are in thousand euro unless otherwise stated

3.10. Cash and cash equivalents

	June 30, 2026	December 31, 2025
Cash on hand	15	11
Cash in current bank accounts	21 410	12 350
Cash in term deposits	10 000	-
Restricted cash	273	268
Cash equivalents	205	961
Cash in transit	-	95
Total	31 903	13 685

Restricted cash represents funds related to deposits and bank guarantees provided by subsidiaries within the Group.

	June 30, 2026	December 31, 2025
By currency		
EUR	30 359	8 788
BGN	-	1 316
USD	392	1 785
Other	1 152	1 796
Total	31 903	13 685

The Group's cash is in bank accounts with 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 and are not recognized in the consolidated financial statements of the Group as of June 30, 2026.

3.11. Financial assets

	June 30, 2026	December 31, 2025
Currency derivative	118	-
Total	118	-

The Company is exposed to currency risk related to the change in the EUR/USD exchange rate. In this regard, it has entered into a structured currency derivative with an embedded barrier option to purchase USD against EUR with a total notional amount of USD 9,000 thousand, distributed over six maturities of USD 1,500 thousand each. The instruments were entered into for the purpose of economic management of the currency risk arising from expected trade payments in USD.

3.12. Bank loans

Bank loans are as follows:

All amounts are in thousand euro unless otherwise stated

	June 30, 2026	December 31, 2025
UBB AD, incl.:	2 821	2 955
– up to one year	2 821	2 955
– over one year	-	-
Other short-term financing Shelly USA	79	77
Other short-term financing Shelly Tech	80	80
Other short-term financing Shelly DACH	4	16
Other short-term financing Shelly Asia	-	243
Total bank loans – non-current portion:	-	-
Total bank loans – current portion:	2 984	3 371

The subsidiaries Shelly USA and Shelly DACH use financing under company credit card. The Slovenian company Shelly Tech d.o.o. uses factoring services. The subsidiary Shelly Asia uses a short-term bank loan with maturity 09.06.2026 for working capital purposes. The subsidiary Shelly Europe EOOD has an agreed bank financing in the form of an overdraft, with a limit of 10 million euro and a credit line with a total limit of 13 million euro. As of 30 June 2026 the utilized amounts under the limits are 2 873 thousand euro. Details of the parameters of the provided financing are presented in Note 5.

3.13. Lease liabilities

	June 30, 2026	December 31, 2025
Lease liabilities		
- up to 1 year	745	819
- more than 1 year	4 587	4 743
Total	5 332	5 562

The liabilities under lease contracts presented in the consolidated statement of financial position include the Group's liabilities under lease contracts for offices and vehicles, which are recognized in accordance with the requirements of IFRS 16 Leases.

3.14. Retirement benefits obligation

As of December 31, 2026, the Group reports obligations for a defined benefit plan upon retirement of 250 thousand euro. 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. As of 30 June 2026 no new actuarial assessment was created.

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

	June 30, 2026	December 31, 2025
Liabilities at the beginning of the year	250	167
Liabilities paid during the year	-	-

All amounts are in thousand euro unless otherwise stated

Current service expense	-	29
Interest expenses	-	5
Actuarial loss recognized in other comprehensive income	-	49
Liabilities at the end of the period	250	250

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 in the actuarial estimate as of 31.12.2025 are based on the following:

- turnover rate of the Group'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.

3.15. Trade payables

	June 30, 2026	December 31, 2025
Suppliers	8 953	8 657
Customer advances	38	16
Total	8 991	8 673

3.16. Payables to employees and social security obligations

	June 30, 2026	December 31, 2025
Liabilities under employment relationships	602	931
Liabilities for management bonuses	647	407
Liabilities for unused paid leave	559	606
Liabilities to insurance companies	296	296
Total	2 104	2 240

The liabilities of EUR 407 thousand related to the management bonus for 2025 were approved by the AGM held on 29.06.2026. The parent company has accrued a management bonus for the first half of 2026 in the total amount of EUR 240 thousand.

3.17. Other liabilities

	June 30, 2026	December 31, 2025
Tax payables, including	3 708	4 648
Corporate tax	1 982	1 328
Value Added Tax	513	2 328

All amounts are in thousand euro unless otherwise stated

Income tax	99	60
Payables to customs	1 113	871
Other taxes	1	61
Other liabilities, including	4 195	1 474
Liabilities for participations	64	89
Warranty service provisions	923	923
Guarantees/Rental deposits	8	8
Dividends payable	2 361	-
Deferred income	452	440
Income from EU program financing	378	-
Other	9	14
Total other liabilities	7 903	6 122

Deferred income relates to one-year paid subscriptions for the use of the Shelly APP premium service.

3.18. Share capital

SHELLY GROUP SE is registered in 2010. The registered capital of the Parent 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, the deadline for this is 31.12.2026. As of 31.03.2026 and as of 31.12.2025, the registered share capital is fully paid up. The shareholders of the Parent Company as of 31.12.2025 and 31.03.2026 are disclosed in note 1.2.

3.19. Retained earnings

	June 30, 2026	December 31, 2025
Balance at the beginning of the year	85 793	63 060
Net profit for the period	15 347	25 089
Profit distribution for dividends	(2 361)	(2 353)
Transfer to reserves	(3)	(3)
Currency effect of revaluation of capital	23	-
Other changes	2	-
Balance at the end of the period	98 801	85 793

3.20. Legal reserves

	June 30, 2026	December 31, 2025
Balance at the beginning of the year	989	986
Additional legal reserve	3	3
Balance at the end of the period	992	989

All amounts are in thousand euro unless otherwise stated

3.21. Share premium reserve

As of June 30, 2026 and December 31, 2025 the reserves from issue of shares amount to 2 762 thousand euro. They are formed by the excess of proceeds from new shares issued in 2020 above their nominal value in the amount of 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 decision of the General Meeting of the Shareholders held on June 28, 2021.

3.22. Share based payments reserve

Further information regarding the accounting for share-based payments is disclosed in Note 6.

	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

4. Notes to the consolidated statement of comprehensive income

4.01. Sales revenue and cost of sales

	For the period ended June 30, 2026			For the period ended June 30, 2025 (reclassified)		
	Devices	Services	Total	Devices	Services and rent	Total
REVENUE	67 582	682	68 264	53 609	358	53 967
Book value of goods sold	(25 697)	-	(25 697)	(23 290)	-	(23 290)
Other direct costs	(794)	-	(794)	(562)	-	(562)
COST OF SALES	(26 491)	-	(26 491)	(23 852)	-	(23 852)
GROSS PROFIT	41 091	682	41 773	29 757	358	30 115

4.02. Other operating revenue

	Period ended June 30, 2026	Period ended June 30, 2025 (reclassified)
Insurance benefits	70	15
Income from financial derivative	134	-
Reintegrated impairment of receivables	-	121
Returned goods	-	280
Financing/electricity compensations	-	11
Gains on FX operations and exchange rate gains, net	1 436	1 359
Other operating income	195	150
Total	1 835	1 936

All amounts are in thousand euro unless otherwise stated

4.03. Sales expenses

	Period ended June 30, 2026	Period ended June 30, 2025 (reclassified)
Transport of goods to customers	(1 407)	(680)
Certification of products	(194)	(316)
Exhibitions	(858)	(599)
Marketing and advertising	(6 239)	(4 311)
Representative costs	(289)	(135)
Other	(208)	(109)
Total	(9 195)	(6 150)

4.04. Administrative expenses

	Period ended June 30, 2026	Period ended June 30, 2025
Materials	(180)	(101)
Hired services	(4 733)	(2 156)
Depreciation/amortization expenses	(856)	(652)
Employees expenses	(8 435)	(6 732)
Other administrative expenses	(740)	(170)
Total	(14 944)	(9 811)

4.05. Other operating expenses

	Period ended June 30, 2026	Period ended June 30, 2025 (reclassified)
Bank services	(324)	(171)
Interest, fines and penalties	(43)	-
Foreign exchange rate expenses and losses	(1 294)	(2 877)
Expenses on financial derivative	(13)	-
Other	(66)	(865)
Total	(1 740)	(3 913)

4.06. Financial income

	Period ended June 30, 2026	Period ended June 30, 2025 (reclassified)
Foreign exchange gains	191	60
Interest income	41	21
Total	232	81

All amounts are in thousand euro unless otherwise stated

4.07. Financial expenses

	Period ended June 30, 2026	Period ended June 30, 2025 (reclassified)
Lease interest	(77)	(79)
Loans interest	(52)	(21)
Foreign exchange losses	(173)	(236)
Banking financial services	-	(6)
Total	(302)	(342)

4.08. Income tax expense

	Period ended June 30, 2026	Period ended June 30, 2025
Current tax expense	(2 223)	(1 717)
Tax effect from temporary differences	-	-
Tax expense	(2 223)	(1 717)

4.09. Earnings per share, net

	Period ended June 30, 2026	Period ended June 30, 2025
Net profit for the reporting period in thousand euro	15 430	10 191
Weighted-average number of shares	18 158 060	18 105 559
Basic earnings per share in euro	0.85	0.56

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 Parent company's capital. In June 2025, the Shelly Group SE increased its registered capital by issuing 52,501 ordinary, dematerialized, registered shares with voting rights with a nominal value of 0.51 euros (1 lev) each.

All amounts are in thousand euro unless otherwise stated

5. Contingent liabilities and commitments

Contract	Annex	Creditor	Debtor	Joint debtor / Guarantor	Amount / Limit	Financial conditions	Maturity	Collateral provided by the borrower
Overdraft November 28, 2024 – Agreement pursuant to Art. 114, para. 10 of POSA	Annex 2 from 13.10.2025	UBB AD	Shelly Europe EOOD	-	10 226 thousand euro	Short-term interest rate of UBB increased by 2.5% management fee; processing fee	October 30, 2026	Pledge of receivables on accounts of Shelly Europe EOOD in the bank
Credit line October 13, 2025	-	UBB AD	Shelly Europe EOOD	-	12 782 thousand euro	Short-term interest rate of UBB increased by 2.5% management fee; processing fee	August 30, 2026	Pledge of receivables from clients, pledge of goods in stock of Shelly Europe EOOD
Credit limit for bank guarantee April 4, 2024	-	Eurobank Bulgaria EOOD	Shelly Europe EOOD	-	500 thousand euro	PRIME business clients increased by 1.5%; management fee; commission for issuing bank guarantee	April 3, 2027	Deposit of funds on accounts of Shelly Europe EOOD for the period of the guarantee

As of June 30, 2026, the total amount utilized under the overdraft and the credit facility amounted to 2 821 thousand euro and the amount of the bank loan in Shelly Asia Ltd. has been fully repaid.

As of June 30, 2026 the amount utilized under the bank guarantee of Eurobank Bulgaria EOOD is 214 thousand euro and relates to a signed office lease agreement for a period of 10 years.

As of December 31, 2025 contingent liabilities include:

Contract	Annex	Creditor	Debtor	Joint debtor / Guarantor	Amount / Limit	Financial conditions	Maturity	Collateral provided by the borrower
Overdraft November 28, 2024 – Agreement pursuant to Art. 114, para. 10 of POSA	Annex 2 from 13.10.2025	UBB AD	Shelly Europe EOOD	-	10 226 thousand euro	Short-term interest rate of UBB increased by 2.5% management fee; processing fee	October 30, 2026	Pledge of receivables on accounts of Shelly Europe EOOD in the bank
Credit line October 13, 2025	-	UBB AD	Shelly Europe EOOD	-	12 782 thousand euro	Short-term interest rate of UBB increased by 2.25% management fee; processing fee	August 30, 2026	Pledge of receivables from clients, pledge of goods in stock of Shelly Europe EOOD
Credit limit for bank guarantee April 4, 2024	-	Eurobank Bulgaria EOOD	Shelly Europe EOOD	-	500 thousand euro	PRIME business clients increased by 1.5%; management fee; commission for issuing bank guarantee	April 4, 2026	Deposit of funds on accounts of Shelly Europe EOOD for the period of the guarantee
Bank loan June 9, 2025		Bank of China	Shelly Asia Ltd.		240 thousand euro (CNY 2 000 thousand)	Interest rate 3.15%	June 9, 2026	No collateral

On October 13, 2025 the subsidiary Shelly Europe EOOD signed an annex with UBB AD for to increase the limit of its existing bank overdraft from 5 113 thousand euro (BGN 10,000 thousand) to 10 226 thousand

All amounts are in thousand euro unless otherwise stated

euro (BGN 20,000 thousand). On the same date, a new revolving credit facility agreement for 12 782 thousand euro (BGN 25,000 thousand) was signed with UBB AD. As of December 31, 2025, the total amount utilized under the overdraft and the credit facility amounted to 2 955 thousand euro. As of December 31, 2025 the amount utilized under the bank guarantee of Eurobank Bulgaria EOOD is 209 thousand euro and relates to a signed office lease agreement for a period of 10 years.

6. Related party transactions

During the reporting period Shelly Group SE has no transactions concluded with interested parties within the meaning of the POSA.

Shelly Group SE has no transactions which are beyond of its ordinary business activity or significantly deviate from market conditions with its subsidiaries and associated companies. Transactions with subsidiaries within its ordinary business activity are excluded from consolidation.

Key management personnel

For the period till 30 June 2026 for 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 404 thousand euro (2025: 404 thousand euro). 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 payments

As of the end of 2025, respectively as of 31.03.2026, the company recognizes a share-based payment obligation to its executive directors as a result of the scheme adopted in 2022 for granting remuneration in the form of share options to the executive members of the Board of Directors. Based on the objectives set 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

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 achieved financial results for the financial year 2025. The final amount of the bonus 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. As of 31 December 2025, the company had made a total accrual for an annual bonus in the amount of EUR 407 thousand for the two executive members of its Board of Directors.

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

7. Financial instruments by categories

The structure of the financial assets and liabilities by categories is as follows:

June 30, 2026			
Financial assets according to the Statement of financial position	Financial assets at amortized cost - Cash	Financial assets at amortized cost	Total
Cash and cash equivalents	31 903	-	31 903
Trade receivables	-	58 856	58 856
Deposits in commercial companies and guarantees	-	213	213
TOTAL FINANCIAL ASSETS	31 903	59 069	90 972

June 30, 2026		
Financial liabilities according to the Statement of financial position	Financial liabilities at amortized cost	Total
Lease liabilities	5 332	5 332
Bank loans	2 984	2 984
Trade liabilities	8 953	8 953
Liabilities for participations	64	64
Guarantees	8	8
TOTAL FINANCIAL LIABILITIES	17 341	17 341

All amounts are in thousand euro unless otherwise stated

December 31, 2025			
Financial assets according to the Statement of financial position	Financial assets at amortized cost - Cash	Financial assets at amortized cost	Total
Cash and cash equivalents	13 685	-	13 685
Trade receivables		66 863	66 863
Deposits in commercial companies and guarantees		128	128
TOTAL FINANCIAL ASSETS	13 685	66 991	80 676

December 31, 2025		
Financial liabilities according to the Statement of financial position	Financial liabilities at amortized cost	Total
Lease liabilities	5 562	5 562
Bank loans	3 371	3 371
Trade liabilities	8 656	8 656
Liabilities for participations	89	89
Guarantees	8	8
TOTAL FINANCIAL LIABILITIES	17 686	17 686

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

8. Financial risk management

In the course of their usual business activity, the companies of the Group may be exposed to various financial risks, the most important of which are: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The overall risk management is focused on forecasting changes in financial markets 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 by the companies of the Group to avoid unjustified concentration of any specific risk.

Risk management is carried out on an ongoing basis under the direct supervision of the management and the Group's financial experts in accordance with the policy set by the Board of Directors of the Parent Company who developed the basic principles of general financial risk management. Based on these principles, the specific procedures for managing separate specific financial risks have been defined.

The following describes the different types of risks to which the companies within the Group are exposed, 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

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changes in market prices.

a. Currency risk

The companies within the Group carry out their transactions on the domestic market, in the European Union and in third countries (Asia and USA). The companies within the Group carry out their main deliveries in euros and US dollars. To control the currency risk, a system has been introduced for planning supplies from countries in and outside the European Union, as well as procedures for monitoring movements in exchange rates of foreign currencies and control of incoming payments.

The tables below summarize the currency risk exposure:

	In EUR	In USD	In other foreign currency	In BGN	Total
June 30, 2026					
Cash and cash equivalents	30 359	392	1 152	-	31 903
Trade receivables	47 677	10 584	595	-	58 856
Deposits in commercial companies	164	24	25	-	213
TOTAL ASSETS	78 200	11 000	1 772	-	90 972
Lease liabilities	5 169	-	163	-	5 332
Bank loans	2 905	79	-	-	2 984
Trade payables	6 979	1 849	125	-	8 953
Liabilities for participations	64	-	-	-	64
Guarantees	8	-	-	-	8
TOTAL LIABILITIES	15 125	1 928	288	-	17 341
	In EUR	In USD	In other foreign currency	In BGN	Total
December 31, 2025					
Cash and cash equivalents	8 788	1 785	1 796	1 316	13 685
Trade receivables	42 904	1 603	95	22 261	66 863
Deposits in commercial companies	33	33	36	26	128
TOTAL ASSETS	51 725	3 421	1 927	23 603	80 676
Lease liabilities	5 119	0	195	248	5 562
Bank loans	96	77	243	2 955	3 371
Trade payables	4 971	694	91	2 900	8 656
Liabilities for participations	0	0	0	89	89
Guarantees	0	0	0	8	8
TOTAL LIABILITIES	10 186	771	529	6 200	17 686

All amounts are in thousand euro unless otherwise stated

Currency sensitivity analysis

There is a currency risk exposure mainly in USD. As of June 30, 2026 86% of the Group's assets are in EUR, 12% in USD. After the acquisition in the Chinese subsidiary Shelly Asia Ltd, the Group is exposed to currency risk of changes in Chinese yuan. After establishment of the Polish subsidiary Shelly Poland SP. Z O O, the Group is exposed to currency risk of changes in Polish zloty.

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

	Increase/ Decrease in exchange rate BGN/ foreign currency %	Effect on the profit before tax EUR/USD	Effect on the profit before tax EUR/CNY	Effect on the profit before tax EUR/PLN
31.12.2025	+/-1.00%	34	16	4
30.06.2026	+/-1.00%	110	17	2

b. Price risk

The companies within the Group are exposed to a specific price risk regarding the prices of the goods and services offered. Minimizing the price risk for negative price changes is achieved by periodically reviewing contractual relationships and revising and updating prices in relation to market changes. In view of the increasing sales revenue in the US, but given the still low share of the US business in the Group's total sales revenue, the Parent Company expects the current tariff disputes to have only a negligible effect on the sales performance and revenue.

Risk of the interest-bearing cash flows

The companies within the Group do not have a significant concentration of interest-bearing assets, except for loans granted and cash on current accounts with banks, therefore the revenue and operating cash flows are not largely dependent on changes in market interest rates.

At the same time, the cash outflows of the companies within the Group are exposed to interest rate risk from utilizing a bank loans and lease, agreed with a variable interest rate.

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

The exposure of the companies within the Group is currently monitored and analyzed to changes in market interest rates. Different refinancing scenarios, renewal of existing interest-bearing positions and alternative financing are considered.

All amounts are in thousand euro unless otherwise stated

June 30, 2026	Interest-free	With floating interest %	With fixed interest %	Total
Cash and cash equivalents	-	-	31 903	31 903
Trade receivables	58 856	-	-	58 856
Deposits in commercial companies	213	-	-	213
TOTAL ASSETS	59 069	-	31 903	90 972
Lease liabilities	-	-	5 332	5 332
Bank loans	-	-	2 984	2 984
Trade payables	8 953	-	-	8 953
Liabilities for participations	64	-	-	64
Guarantees	8	-	-	8
TOTAL LIABILITIES	9 025	-	8 316	17 341

December 31, 2025	Interest-free	With floating interest %	With fixed interest %	Total
Cash and cash equivalents	-	-	13 685	13 685
Trade receivables	66 863	-	-	66 863
Deposits in commercial companies	128	-	-	128
TOTAL ASSETS	66 991	-	13 685	80 676
Lease liabilities	-	-	5 562	5 562
Bank loans	-	-	3 371	3 371
Trade payables	8 656	-	-	8 656
Liabilities for participations	89	-	-	89
Guarantees	8	-	-	8
TOTAL LIABILITIES	8 753	0	8 933	17 686

Credit risk

The financial assets of the companies within the Group are concentrated in two groups: cash (cash on hand and at bank accounts) and receivables from clients.

Credit risk is mainly the risk that the customers of the companies within the Group will not be able to pay in full and within the usual deadlines the amounts owed by them. Trade receivables are presented in the consolidated statement of financial position at amortized cost. An impairment has been charged for doubtful and uncollectible loans, as there have been events identifying uncollectible losses based on past experience. The companies within the Group do not have significant concentration of credit risk. Their policy is to negotiate a credit period longer than 60 days only with customers who have a long history and commercial cooperation with them. Payments from customers for sales are mainly made by bank transfer.

Significant part of Group's revenue is generated by large companies with good credit rating.

All amounts are in thousand euro unless otherwise stated

The collection and concentration of receivables is monitored on an ongoing basis, according to the established policy of the companies within the Group. 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.

In addition, the Group has an insurance on the receivables from 55 of its largest customers.

As of June 30, 2026 cash and the payment operations of the companies within the Group are spread over several banks which limits the risk for cash and cash equivalents.

Management has defined its policy for assessing credit losses. For trade receivables, the simplified method is applied, with percentages determined based on past experience.

As of December 31, 2025, the Group recognized an impairment of receivables amounting to 762 thousand euro is recognised. As of December 31, 2025, the Group has collected impaired receivables in the amount of 143 thousand euro. Additionally, as of the end of 2025 the Group recognized impairment of advances at the amount of 1 016 thousand euro.

As of 30 June 2026, the Group reported a reversed impairment of receivables in the amount of EUR 7 thousand. Beyond this amount, there was no change in the recognized impairment of receivables and advances provided as of the end of the second quarter of 2026.

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

	June 30, 2026	December 31, 2025
Cash and cash equivalents	31 903	13 685
Trade receivables	58 856	66 863
Total	90 759	80 548

The impairment staging of the financial assets as of June 30, 2026 and December 31, 2025:

	June 30, 2026			
	Stage 1	Stage 2	Stage 3	Total
Financial assets				
Cash and cash equivalents	31 903	-	-	31 903
Trade receivables	58 882	-	729	59 611
Total	90 785	-	729	91 514
Booked provisions (ECL) for financial assets	(26)	-	(729)	(755)
Financial assets, net of booked provisions	90 759	-	-	90 759

All amounts are in thousand euro unless otherwise stated

	December 31, 2025			
	Stage 1	Stage 2	Stage 3	Total
Financial assets				
Cash and cash equivalents	13 685	-	-	13 685
Trade receivables	66 889	-	736	67 625
Total	80 574	-	736	81 310
Booked provisions (ECL) for financial assets	(26)	-	(736)	(762)
Financial assets, net of booked provisions	80 548	-	-	80 548

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

<i>Gross carrying amount of the financial instruments</i>	<i>Stage 1 - expected credit loss for 12 months period</i>	<i>Stage 2 - expected credit loss for the period of the financial asset life</i>	<i>Stage 3 - expected credit loss for the period of the financial asset life</i>	<i>TOTAL</i>
Gross carrying amount as of December 31, 2025	80 574	-	736	81 310
Changes during the period:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
New financial assets	284 032	-	(7)	284 025
Maturity of financial assets	(273 821)	-	-	(273 821)
Gross carrying amount as of June 30, 2026	90 785	-	736	91 514

<i>Gross carrying amount of the financial instruments</i>	<i>Stage 1 - expected credit loss for 12 months period</i>	<i>Stage 2 - expected credit loss for the period of the financial asset life</i>	<i>Stage 3 - expected credit loss for the period of the financial asset life</i>	<i>TOTAL</i>
Gross carrying amount as of December 31, 2024	45 531	-	146	45 677
Changes during the year:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	733	733
Transfer from Stage 2 to Stage 3	-	-	-	-
New financial assets	513 302	-	(143)	513 159
Maturity of financial assets	(478 259)	-	-	(478 259)
Gross carrying amount as of December 31, 2025	80 574	-	736	81 310

The changes in booked ECL provision for financial assets are presented below:

All amounts are in thousand euro unless otherwise stated

	<i>Stage 1 - expected credit loss for 12 months period</i>	<i>Stage 2 - expected credit loss for the period of the financial asset life</i>	<i>Stage 3 - expected credit loss for the period of the financial asset life</i>	<i>TOTAL</i>
<i>ECL provision as of December 31, 2025</i>	(26)	-	(736)	(762)
Changes during the period:	-	-	-	-
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
New financial assets	-	-	7	7
Maturity of financial assets	-	-	-	-
<i>ECL provision as of June 30, 2026</i>	(26)	-	(729)	(755)

	<i>Stage 1 - expected credit loss for 12 months period</i>	<i>Stage 2 - expected credit loss for the period of the financial asset life</i>	<i>Stage 3 - expected credit loss for the period of the financial asset life</i>	<i>TOTAL</i>
<i>ECL provision as of December 31, 2024</i>	(26)	-	(146)	(172)
Changes during the year:	-	-	-	-
Transfer from Stage 1 to Stage 2	-	-	(733)	(733)
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
New financial assets	-	-	143	143
Maturity of (written off) financial assets	-	-	-	-
<i>ECL provision as of December 31, 2025</i>	(26)	-	(736)	(762)

Liquidity risk

Liquidity risk is the risk that the Group experiences difficulties meeting its obligations with respect to financial liabilities settled with cash or another financial asset.

The companies within the Group carry out a conservative liquidity management policy, through which they constantly maintain an optimal liquid stock of cash. Borrowed credit resources are also used.

In order to control the liquidity risk, the companies within the Group monitor the timely payment of the incurred liabilities according to agreed terms of payment.

The Companies within the Group monitor and control the actual and projected cash flows for periods ahead and maintain a balance between the maturity limits of the assets and liabilities of the Company. Currently, the maturity and timely execution of payments is monitored by the finance and accounting departments, maintaining daily information on available cash and upcoming payments.

All amounts are in thousand euro unless otherwise stated

June 30, 2026	Up 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	-	-	-	-	-	-	-	31 903	31 903
Trade receivables	3 895	47 532	7 429	-	-	-	-	-	58 856
Deposits in commercial companies and guarantees	-	-	-	-	-	-	-	213	213
TOTAL ASSETS	3 895	47 532	7 429	-	-	-	-	32 116	90 972
Lease liabilities	79	154	222	401	747	2 011	2 138	-	5 753
Bank loans	163	-	2 855	-	-	-	-	-	3 018
Trade payables	5 416	814	2 723	-	-	-	-	-	8 953
Liabilities for participations	5	10	15	34	-	-	-	-	64
Guarantees	-	-	-	-	-	-	-	8	8
TOTAL LIABILITIES	5 663	978	5 815	435	747	2 011	2 138	8	17 796

December 31, 2025	Up 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	-	-	-	-	-	-	-	13 685	13 685
Trade receivables	14 521	21 427	30 915	-	-	-	-	-	66 863
Deposits in commercial companies and guarantees	-	-	-	-	-	-	-	128	128
TOTAL ASSETS	14 521	21 427	30 915	-	-	-	-	13 813	80 676
Lease liabilities	81	162	242	460	796	1 995	2 447	-	6 183
Bank loans	173	-	3 016	243	-	-	-	-	3 432
Trade payables	4 725	103	3 828	-	-	-	-	-	8 656
Contributory obligations	5	10	15	59	-	-	-	-	89
Guarantees	-	-	-	-	-	-	-	8	8
TOTAL LIABILITIES	4 984	275	7 101	762	796	1 995	2 447	8	18 368

Capital risk management

With the capital management the Parent 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.

Shelly Group SE currently monitors the 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 consolidated statement of financial position and the cash and cash equivalents. The total amount of capital is equal to the equity and net debt capital.

All amounts are in thousand euro unless otherwise stated

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

	June 30, 2026	December 31, 2025
Total debt capital, incl.	27 564	26 218
-Bank loans	2 984	3 371
-Lease liabilities	5 332	5 562
Less: cash and cash equivalents	(31 903)	(13 685)
Net debt capital	(4 339)	12 533
Total equity	120 361	107 028
Total capital	116 022	119 561
Debt ratio	(3.74%)	10.48%

In first half of 2026, the Group reported an improvement in the debt ratio mainly due to an increase in cash as of 30 June 2026. As of the date of approval of these interim consolidated financial statements, the Group's trade and other payables are being serviced in accordance with the agreed, respectively, statutory payment terms.

9. Fair values

For the purposes of disclosing fair value, the Group defines different classes of assets and liabilities depending on their nature, characteristics and risk and the respective level of the fair value hierarchy specified in note 2.12.17. Fair Values.

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

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

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

June 30, 2026	Book value	Level 1	Level 2	Level 3
Financial assets				
Cash and cash equivalents	31 903	-	31 903	-
Currency derivative	118	-	118	-
TOTAL ASSETS	32 021	-	32 021	-
Financial liabilities				
Lease liabilities	5 332	-	4 889	-
Bank loans	2 984	-	2 984	-
TOTAL LIABILITIES	8 316	-	7 873	-

All amounts are in thousand euro unless otherwise stated

December 31, 2025	Book value	Level 1	Level 2	Level 3
Financial assets				
Cash and cash equivalents	13 685	-	13 685	-
TOTAL ASSETS	13 685	-	13 685	-
Financial liabilities				
Lease liabilities	5 562	-	5 102	-
Bank loans	3 371	-	3 371	-
TOTAL LIABILITIES	8 933	-	8 473	-

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 trade receivables, short-term financial assets, trade payables and other liabilities approximates their carrying amount as these assets/liabilities are short-term in nature and there are not subject to effects, that lead to different fair value.

10. Events after the end of the reporting period

On 27.07.2026, Shelly Group SE exercised its option to acquire the remaining 24% of the capital in its Slovenian subsidiary Shelly Tech (formerly GOAP Računalniški inženiring in avtomatizacija procesov d.o.o. Nova Gorica) (the “Slovenian Company”).

The exercise of the option is the final stage of the acquisition of the Slovenian Company based on the Option Agreement concluded between Shelly and the partners in the Slovenian Company, announced in January 2023.

The total purchase price for the 24% share under the exercised option amounts to EUR 948,939.02, as calculated in accordance with the Option Agreement. The transfer of the shares is subject to additional procedures, which are expected to be completed in the coming weeks.

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