SHELLY GROUP SE
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2026

All amounts are in thousand euro unless otherwise stated

ASSETS	Note	September 30, 2026	December 31, 2025
Non-current assets			
Property, plant and equipment	3.01	1 770	882
Intangible assets	3.02	12 399	9 861
Right-of-use assets	3.03	5 270	5 490
Goodwill	3.04	1 860	1 860
Investments in associates	3.05	-	60
Deferred tax assets	3.06	1 697	1 697
Total non-current assets		**22 996**	**19 850**
Current assets			
Inventory	3.07	25 629	19 508
Trade receivables	3.08	72 077	78 662
Other receivables	3.09	4 983	1 541
Cash and cash equivalents	3.10	31 116	13 685
Financial assets	3.11	92	-
Financial assets held for sale	3.12	55	-
Total current assets		**133 952**	**113 396**
TOTAL ASSETS		**156 948**	**133 246**

Date: November 10, 2026

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The consolidated statement of financial position shall be read together with the accompanying notes on pages 7–68.
The notes are an integral part of these consolidated financial statements.

All amounts are in thousand euro unless otherwise stated

LIABILITIES	**Note**	**September 30, 2026**	**December 31, 2025**
Non-current liabilities			
Lease liabilities	3.14	4 575	4 743
Payables to employees and social security	3.17	184	163
Retirement benefit obligations	3.15	250	250
Total non-current liabilities		**5 009**	**5 156**
Current liabilities			
Bank loans	3.13	3 199	3 371
Lease liabilities	3.14	789	819
Trade payables	3.16	12 394	8 673
Payables to employees and social security	3.17	1 720	2 077
Other liabilities	3.18	6 004	6 122
Total current liabilities		**24 106**	**21 062**
TOTAL LIABILITIES		**29 115**	**26 218**
EQUITY			
Share capital	3.19	9 261	9 284
Retained earnings	3.20	105 343	85 793
Legal reserves	3.21	1 784	989
Premium reserve	3.22	2 762	2 762
Share based payments reserve	3.23	7 384	7 384
Reserves from revaluation of defined benefits plans		(90)	(90)
Exchange differences from translation of foreign subsidiaries' financial statements		780	931
Equity attributable to Parent Company's equity holder		**127 224**	**107 053**
Non-controlling interest		609	**(25)**
TOTAL EQUITY		**127 833**	**107 028**
TOTAL EQUITY AND LIABILITIES		**156 948**	**133 246**

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The consolidated statement of financial position shall be read together with the accompanying notes on pages 7–68.
The notes are an integral part of these consolidated financial statements.

	Note	For the period ended September 30, 2026	For the period ended September 30, 2025 (reclassified)
Sales revenue	4.01	112 819	86 938
Cost of sales	4.01	(45 105)	(36 860)
Gross profit		**67 714**	**50 078**
Other operating income	4.02	2 739	2 807
Sales expenses	4.03	(16 208)	(10 442)
Administrative expenses	4.04	(24 136)	(16 128)
Other operating expenses	4.05	(2 643)	(4 416)
Profit from operating activity		**27 466**	**21 899**
Finance income	4.06	389	145
Finance expense	4.07	(508)	(418)
Share of associated companies' (loss)	3.05	(5)	(16)
Profit before tax		**27 342**	**21 610**
Income tax expense	4.08	(3 534)	(3 081)
Net profit		**23 808**	**18 529**
Other comprehensive income:			
Items, that will not be reclassified to profit or loss			
Exchange differences from translation of foreign subsidiaries' financial statements		307	605
Other comprehensive income for the period after taxes		**307**	**605**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**24 115**	**19 134**
Net profit attributable to:			
Owners of the Parent Company		23 613	18 364
Non-controlling interest		195	165
Other comprehensive income attributable to:			
Owners of the Parent Company		276	618
Non-controlling interest		31	(13)
Total comprehensive income attributable to:			
Owners of the Parent Company		23 889	18 982
Non-controlling interest		226	152
Earnings per share	4.09	**1.30**	**1.01**

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	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.	-	**24 040**	**-**	**-**	**-**	**-**	**(151)**	**23 889**	**226**	**24 115**
Net profit	-	23 613	-	-	-	-	-	**23 613**	195	**23 808**
Other comprehensive income	-	427	-	-	-	-	(151)	**276**	31	**307**
Exchange differences from translation of foreign subsidiaries' financial statements	-	427	-	-	-	-	*(151)*	***276***	*31*	***307***
Acquisition of a non-controlling interest	-	(2 149)	-	792	-			***(1 357)***	*408*	***(949)***
Transfer to reserves	-	(3)	-	3	-	-	-	**-**	-	**-**
Dividends		(2 361)	-		-			**(2 361)**		**(2 361)**
Currency effect of revaluation of capital	(23)	23	-	-	-	-	-	**-**	-	**-**
Balance at September 30, 2026	**9 261**	**105 343**	**2 762**	**1 784**	**7 384**	**(90)**	**780**	**127 224**	**609**	**127 833**

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The consolidated statement of changes in equity shall be read together with the accompanying notes on pages 7–68. The notes are an integral part of these consolidated financial statements.

	Note	For the period ended September 30, 2026	For the period ended September 30, 2025 (reclassified)
Cash flows from operating activities			
Proceeds from customers		112 223	78 372
Payments to suppliers		(63 684)	(63 696)
Taxes received/(paid)		(6 264)	4 199
Corporate tax paid		(2 923)	(1 739)
Payments to employees and social security institutions		(12 607)	(10 017)
Bank interest and (fees)		49	(11)
Other payments, net		(592)	(207)
Net cash flows from operating activities		**26 202**	**6 901**
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment and intangible assets		(4 916)	(3 091)
Proceeds from the sale of investments		-	533
Purchase of investments		(995)	(36)
Proceeds from non-refundable financing		409	-
Net cash flows used in investing activities		**(5 502)**	**(2 594)**
Cash flows from financing activities			
Increase of share capital		-	27
Lease payments		(894)	(750)
Loans received		6 045	4 181
Loans repaid		(6 124)	(3 301)
Cash flows related to interest and commissions		(113)	(31)
Dividends paid		(2 361)	(2 353)
Other proceeds/payments, net		-	(85)
Net cash flows used in financing activities		**(3 447)**	**(2 312)**
Net increase/(decrease) in cash and cash equivalents for the period		**17 253**	**1 995**
Net exchange differences		178	(236)
Cash and cash equivalents at the beginning of the year		13 685	13 985
Cash and cash equivalents at the end of the period	3.10	**31 116**	**15 744**

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The consolidated statement of cash flows shall be read together with the accompanying notes on pages 7–68. The notes are an integral part of these consolidated financial statements.

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1. Information on the Group

1.1. Legal status

Shelly Group SE (the Parent Company), Sofia, is entered in the Commercial Register and Register of Non-Profit Legal Entities with the Registry Agency with UIC (Unified Identification Code): 201047670 and LEI code 8945007IDGKD0KZ4HD95. The Parent Company has its seat and registered office in Bulgaria, 1407 Sofia, 51 Cherni Vrah Blvd., building 3, floors 2 and 3. The Parent Company was initially registered with a share capital of 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 have been traded on the Bulgarian Stock Exchange, and since November 22, 2021, the Parent Company's shares have also been traded on the Frankfurt Stock Exchange; as of April 10, 2026, the shares have been included in the SDAX index of the Frankfurt Stock Exchange.

1.2. Ownership and management

The Shelly Group (the Group) includes Shelly Group SE and its subsidiaries as listed on the next page, which the Parent Company controls 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 September 30, 2026, was as follows:

Name	**Number of shares:**	**% of the capital**
Dimitar Dimitrov	5 237 564	28.84%
Svetlin Todorov	4 128 097	22.74%
SE 2026 A SAS	917 523	5.05%
Persons holding less than 5% of the capital		
Other physical persons and legal entities	7 874 876	43.37%
Total	**18 158 060**	**100.00%**

As of December 31, 2025, the shareholders of the Parent 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%
Persons holding less than 5% of the capital		
Other physical persons and legal entities	7 874 876	43.37%
Total	**18 158 060**	**100.00%**

The Parent Company is managed by a 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 September 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 portfolio of the Group companies includes companies engaged in the development, production and trading in smart (IoT) devices.

1.4. Group structure

As of September 30, 2026 and December 31, 2025, the Group includes Shelly Group SE and the following subsidiaries, in the country and abroad, which it controls.

	30 September 2026	31 December 2025
Company name	**Percentage of participation**	**Percentage of participation**
In Bulgaria		
Shelly Trading EOOD	*100%*	*100%*
Shelly Europe EOOD	*100%*	*100%*

Company name	30 September 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	*100%*	*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 Slovenian IoT subsidiary Shelly Tech (formerly GOAP). The exercise of the call option is the second stage of the acquisition of the Slovenian company under an Option Agreement between Shelly Group and the partners in the Slovenian company, concluded and disclosed in January 2023. The total acquisition price of the 16% share under the exercised call option amounts to EUR 586 666.30, calculated in accordance with the terms of the Option Agreement. On July 23, 2026, the Group exercised a call option to purchase the remaining 24% of the capital of its Slovenian subsidiary Shelly Tech. The option price amounts to EUR 948 939.02. On August 21, 2026, following the fulfillment of the agreed transfer conditions, the Group acquired ownership of the remaining 24% of the capital of Shelly Tech d.o.o., as a result of which its interest increased from 76% to 100%.

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, following a decision of the Board of Directors of Shelly Group SE, a subsidiary, Shelly Poland Sp. z o.o., was established 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 September 30, 2026, IASs comprise the IFRS Accounting Standards as adopted by the 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.

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.

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

- **Amendments to IFRS 9 and IFRS 7 – Amendments** to the Classification and Measurement of Financial Instruments (effective for annual periods beginning on or after January 1, 2026);
- **Amendments to IFRS 9 and IFRS 7 – Contracts** Referencing Nature-dependent Electricity (effective for annual periods beginning on or after January 1, 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 January 1, 2026);**

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

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

At the date of authorization of these financial statements, the Group has not applied the following amendments to IFRS Accounting Standards that have been issued by the IASB and adopted by the EU, but are not yet effective:

- **IFRS 18 – Presentation and Disclosures in Financial Statements** (effective for annual periods beginning on or after January 1, 2027).

2.2.3. Standards and interpretations 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 those adopted

by the IASB except for the following new standards, amendments to the existing standards and new interpretations, which have not yet been endorsed for use in the EU as at the date of approval of these consolidated financial statements (the effective dates stated below are for the full IFRS Accounting Standards as issued by the IASB):

- **IFRS 19 with further amendments – Subsidiaries without Public Accountability: Disclosures** (effective for annual periods beginning on or after January 1, 2027);
- **Amendments to IAS 21 – Translation** to a Hyperinflationary Presentation Currency (effective for annual periods beginning on or after January 1, 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). The effective date has been deferred 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 a material impact on the presentation and disclosure of information in the financial statements. The Group is in the process of analyzing the specific impact of IFRS 18 on its consolidated financial statements, however, the new standard will not affect the way the Group measures its 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 and 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, which assumes that the Group will continue to exist in the foreseeable future.

The military conflict between Russia and Ukraine continued during the reporting period, but since the Group does not have transactions and balances 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.

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 is 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 per 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 recognized are 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 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 September 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 the euro to the respective foreign currency published by the Bulgarian National Bank on its website 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 income of foreign companies of the Group, using a functional currency other than euro, are retranslated into euro to be included in the consolidated financial statements 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 the Bulgarian National Bank on its website at the date of the relevant statement of financial position. Monetary positions in foreign currency as of December 31, 2025 and September 30, 2026 are retranslated in these financial statements at the closing exchange rate 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 September 30, 2026 – 1.1355 USD for 1 EUR; 0.85463 GBP for 1 EUR; 7.613 CNY for 1 EUR and 4.369 PLN for 1 EUR.
- The income and expense items of each statement of comprehensive income 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 of;
- 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

The application of IAS requires the Group's management to apply certain accounting assumptions and estimates when preparing the interim 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 judgement as of the date of preparation of the interim consolidated financial statements. Actual results could differ from those presented in these consolidated financial statements.

In preparing these interim consolidated financial statements, the management used judgements 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 3.15)
- Deferred tax assets (Note 3.06)

- Warranty service provision (Note 3.18)

2.8. Subsidiaries and associated companies

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

The Parent Company (the investor) controls the investee company if it has:

- Power over the investee;
- Rights to variable returns from its involvement with the investee;
- 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 control has been lost.

An 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 the event of a sale or other form of loss (transfer) of control over a subsidiary:

- The assets and liabilities (including any 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, including 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 “profit or loss from discontinued operations” in the consolidated statement of comprehensive income attributable to the Parent Company. Profits or losses from the sale (disposal) of a given subsidiary from the Group also include the book value of the goodwill attributable to the sold (disposed of) company.

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.

2.11. Consolidation

The consolidated financial statements of the Group include the financial statements of the Parent Company and its subsidiaries. All assets, liabilities, capital, income, expenses and cash flows of the Group companies are presented as if they belong to a single entity.

Subsidiaries are those entities that are controlled by the Parent Company. Control occurs when the Parent Company exercises its rights to variable returns arising from its participation in the subsidiary's capital and has the ability to influence these returns 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 equity 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 measurement of the elements of the consolidated financial statements

2.12.1. Revenue

The Group recognizes 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 recognizes revenue when it transfers control of a product or service to a customer.

The Group sells electronic devices both to business customers and to end customers through its own website or directly. Warranties related to the goods sold cannot be purchased separately. They are linked to the specifications described for each product. Accordingly, the Group accounts for warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets (see Note 3.18).

For sales to business customers, revenue is recognized by the Group when control of the goods has transferred to the buyer, being the moment when the goods are shipped to the customer. Following shipment, the customer has full discretion over the manner of sale and the selling price and bears all risks of loss or destruction of the goods. A receivable is recognized by the Group when the goods are shipped to

the customer, as this represents the point in time at which the right to the agreed consideration becomes unconditional, and the Group expects to receive payment within the agreed term.

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 contract liability 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 inventories.

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 were 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 installments or once for a calendar year. In the event that a customer pays an annual subscription, the entire amount is initially recognized as a contract liability, and each month 1/12 of the amount paid is recognized as revenue.

Other income

Other income is recognized when the right to receive it 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 was identified in the performance obligations, the allocation of the transaction price of contracts or revenue recognition during the reporting year.

Revenue-related grants

Grants provided to offset expenses are recognized when there is reasonable certainty that the Group 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. 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 is 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 recognized in profit or loss for all instruments measured at amortized cost using the effective interest method. The effective interest rate method is a method for calculating the amortized cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate 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 Group estimates 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 recognized when incurred. Expenses are recognized 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 recognized 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 are matched against reported income. They are measured at the fair value of the liability paid or to be paid.

Expenses for future periods are deferred for recognition as current expenses in the period in which the contracts to which they relate are performed.

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 measured 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, initial delivery and handling costs, installation costs, professional fees of persons 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 subsequently charged 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 depreciation method for depreciable 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 expected 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

The determined useful life of non-current 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 of.

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 by reducing the proceeds from sale (disposal) by the carrying amount of the asset and the costs related to the sale. They are presented net within "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 Group 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 is 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 offsetting 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 accumulated amortization and impairment losses.

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

The carrying amount of the intangible assets is reviewed for impairment when there are events or changes in circumstances that indicate that the carrying 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 are measured on acquisition at acquisition cost, which includes the purchase price, import duties, non-refundable taxes and costs 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 of 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 the initially established standard efficiency, incurred after the commissioning of intangible non-current assets, are recognized as current expenses at the time they are incurred.

The carrying amount of the respective intangible asset is adjusted by the expenses that lead to an increase in 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 recognized. 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 accumulated 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 mandatorily tested for impairment at least annually. Impairment losses on goodwill are not reversed subsequently.

Gains or losses on the sale (disposal) of a subsidiary of the Group also include the carrying amount of the goodwill attributable to the sold (disposed of) company.

Any goodwill amount recognized in the financial statements is attributable to a certain cash-generating unit at the time a business combination is completed, and this unit is used when impairment tests are performed. In determining the cash-generating units, consideration is given to the units from which future economic benefits were expected upon the acquisition in the business combination and in respect of which the goodwill arose.

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

2.12.6. Investments in associated companies

These investments are accounted for and presented in the consolidated financial statements of the Group using the equity method. Under 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 the Group's share in its net assets as of December 31 of the respective year or at the end of the respective reporting period.

The Group recognizes its share of the losses of associated companies up to the amount of its investment, including internal loans granted to them, unless it has assumed certain obligations or made payments on behalf of the associated company.

As of September 30, 2026, the Group reports a share of the loss of associated companies amounting to 5 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 measured at the lower of acquisition cost (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 inventories have already been written down 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 reversal can only be up to the carrying amount of the inventories before the impairment.

The amount of the reversal of the inventory write-down is recognized 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 to a condition ready for use.

Upon consumption (sale) of inventories, the weighted average cost 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 recognized 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 through 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 model for managing them.

The Group initially measures a financial asset at its fair value plus, in the case of financial assets not measured at fair value through profit or loss, transaction costs.

Trade receivables that do not have a significant financing component, and for which the Group has applied the practical expedient, are measured 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 assessment is referred to as the "SPPI test" and is performed at the relevant instrument level.

The Group's business model for managing financial assets refers to how the Group 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 whose objective is to hold the asset in order to collect 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 in 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 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 purposes and, accordingly, the Group has elected to designate them as at fair value in other comprehensive income, as it considers that recognizing short-term changes in the fair value of these instruments in profit or loss would not be consistent with the long-term horizon over which the Group holds them.

Gains and losses on these financial assets are never "recycled" to 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 within the scope of the 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 derecognized (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 continues to recognize the transferred asset to the extent of its continuing involvement in it.

In this case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount 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

Additional disclosures related to impairment of financial assets are also provided in the following notes:

- 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, ECL are recognized for credit losses that arise as a result of default events that are possible 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 significant financial difficulties of the debtor, probability of bankruptcy and liquidation, financial restructuring or inability to repay the debt (overdue by more than 30 days); these are considered indicators that the asset should be impaired.

Regarding cash and cash equivalents, the Group applies the credit ratings of the banks and publicly available information on the probability of default corresponding to the ratings in order to prepare the impairment analysis. The Group uses historical experience in order to determine loss given default. As no indications of a significant increase in credit risk have been identified, the Group determines the expected impairment loss on a 12-month basis.

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 enhancements held by the Group.

All financial assets measured at amortized cost are subject to collective impairment, except for those in default (Stage 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 cost, incl. loans and other borrowings and trade and other payables, as appropriate. Initially, all financial liabilities are recognized at fair value, and in the case of loans and borrowed funds and liabilities, net of directly attributable transaction costs.

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 a loss allowance for lifetime expected credit losses. In estimating expected credit losses on trade receivables, the Group uses a provision matrix.

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 initial recognition, interest-bearing loans are measured at amortized cost, with any difference between the initial cost and the maturity value recognized in profit or loss over the period of the loan using 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.

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 and 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 measurement is provided by the servicing financial institution (Level 2 of the fair value hierarchy according to IFRS 13) and is accepted by the Group'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 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 amortized cost, net of the accumulated allowance for expected credit losses.

2.12.10.Leases

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 measurement 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 recognizes lease liabilities for the payment of lease installments 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 commencement 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 remeasurement 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 commencement date of the lease, an estimate of the costs to be incurred by the lessee in dismantling and relocating the asset, the restoration of the site on which it is located or the restoration of the asset to the condition required under the terms of the lease, less any incentives received under the lease. The right-of-use assets are depreciated on a straight-line basis over the lease term.

If at the end of the lease term the ownership of the leased asset is transferred to the 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 commencement date of the lease, the Group recognizes 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 lease incentives receivable, variable lease payments that depend on an index or an interest rate, and amounts that are expected to be paid under residual value guarantees.
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 that do not depend on an index or an interest rate are recognized as an 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 its incremental borrowing rate at the commencement date of the lease because the interest rate implicit in the lease cannot be determined reliably. After the commencement 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 remeasured 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 assessment of the option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term building leases (for example, leases with a lease term of 12 months or less from the commencement date and not containing a purchase option). The Group also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

2.12.11.Provisions

Provisions are recognized when the Group has a present (constructive or legal) obligation as a result of a past event, and it is probable that the repayment/settlement of this liability will involve an outflow of resources. Provisions are measured 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 of the obligation is long-term.

When part of the resources to be used to settle the obligation is expected to be recovered from a third party, the Group recognizes a receivable if it is virtually certain that it will be received and its amount can be reliably measured, and recognizes income (credit) under the same item in the statement of comprehensive income in which the provision itself is presented.

The Group accrues warranty service provisions. Liabilities for warranty service provisions are accrued based on management's best judgement 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 contribution plans

The Government of Bulgaria is responsible for providing pensions under defined contribution plans. The costs of the Group’s commitment to transfer the accrued amounts to defined contribution plans are recognized in the statement of comprehensive income when they are incurred.

Paid annual leave

The Group recognizes 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.

Defined retirement benefits

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 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 represent defined benefit plans.

The measurement of long-term employee benefits is carried out using the projected unit credit method, and the valuation as at the date of the statement of financial position is made by licensed actuaries. The amount recognized in the statement of financial position is the present value of the obligations.

Remeasurements of the defined benefit plan liability (actuarial gain or loss), arising from experience and changes in actuarial financial and demographic assumptions, are recognized in equity through other comprehensive income as a reserve for retirement liabilities. The amounts released from this reserve are transferred through other comprehensive income into retained earnings.

Share-based payments

Equity-settled share-based payment transactions

For transactions measured by reference to the fair value of the equity instruments granted, the 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 financial concept of capital maintenance. Financial capital maintenance is measured in nominal monetary units. Profit for the reporting period is considered earned only if the monetary /financial/ amount of equity at the end of the period exceeds the monetary amount at the beginning of the period, after deducting any distributions to owners or contributions from owners 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 companies' 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 by the Parent Company, which, as from January 1, 2026, have a nominal value of 0.51 euro per share, in connection with the conversion of the capital into euro, which is its new functional and presentation currency. As a result of the conversion, the Parent Company reports an effect of 23 thousand euro as an increase in retained earnings, in accordance with the provisions of the "Law on the introduction of the euro in the Republic of Bulgaria".

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

Equity is reported less the distributed dividends on the shares held 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 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).

Treasury shares are presented in the consolidated statement of financial position at cost (acquisition price), with the Group's equity reduced by their gross purchase price. Gains or losses on the sale of treasury shares are presented directly in the Group's equity, under the "Treasury shares" component.

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. The equity instruments granted are measured at their fair value at the grant date. Share-based payment expense is recognized in the period in which the services are received.

Foreign currency translation reserve – arises from the net effects of the translation of the financial statements 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 benefit plans – The Group recognizes a liability related to the termination of the employment contract of an employee who has acquired the right to a pension. 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.

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 taxed 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 recognized for all taxable temporary differences, while deferred tax assets are recognized only if it is probable that they will reverse and if the Group will be able to generate sufficient profit in the future from which they can be deducted.

The effect of recognizing 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 recognized in the consolidated statement of comprehensive income.

For events that are initially recognized in equity (revaluation reserve), deferred tax assets and liabilities are

also recognized in the consolidated statement of comprehensive income.

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

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

2.12.15.Earnings per share

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

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-weighting 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 dilutive potential 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 judgements that have a significant effect on these financial statements. Such judgements, by definition, rarely equal actual results.

Given their nature, they 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.

Judgements 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 into 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 changes in supply chains. 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.

Employee retirement benefits

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 has prepared an actuarial valuation of the retirement benefit obligations and has recognized them in the consolidated financial statements as at the end of 2025. As of September 30, 2026, no new actuarial valuation has been prepared (Note 3.15).

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 judgements.

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. The Group's management reviews the estimates from prior years and compares them with the actual results for prior years.

The Group uses a simplified approach in reporting trade and other receivables and recognizes 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 accumulated experience, external indicators and long-term information to calculate expected credit losses.

Impairment of property, plant and equipment

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

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

Impairment of inventories

At the date of preparation of each set of 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 realizable value of individual types of inventories, the estimated direct costs associated with sales are excluded from the expert-determined selling prices.

When measuring the inventories on hand for which sales contracts have been concluded, the net realizable value is determined on the basis of the contract price less the costs to sell. Inventories not covered by sales contracts are measured depending on the assumptions about the possibilities for their future realization.

As of September 30, 2026, the Group has not recognized any impairment of the inventories on hand.

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 realizable value, determined on the basis of expert prices as set out above.

Income taxes

The companies in the Group are tax entities under the jurisdiction of the tax administration in the country in which they operate. Significant judgement is required to determine the tax provision. There are numerous examples for which the tax finally determined is uncertain in the normal course of business. Group companies recognize 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 period of the tax audits.

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 non-cancellable 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 3.14).

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 September 30, 2026, there have been no transfers between the levels of the fair value hierarchy.

More information on the assumptions made in measuring fair values is included in the relevant notes.

3. Notes to the consolidated statement of financial position

3.01. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Vehicles	Computers	Office equipment	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)**
Change in depreciation	**-**	**161**	**1**	**7**	**(1)**	**-**	**-**	**-**	**168**
Other changes	-	-	-	-	(1)	-	-	-	**(1)**
Depreciation of assets written off	-	161	1	7	-	-	-	-	**169**
Book value at the end of the year	**-**	**-**	**65**	**49**	**157**	**71**	**538**	**2**	**882**
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**	**3**	**71**	**10**	**4**	**1 212**	**2 223**
Purchase	-	-	1	-	28	7	4	1 212	**1 252**
Transfer	-	-	991	3	43	3	-	-	1 040
Disposals (book value)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(1 040)	**(1 040)**
Transfer			**-**	**-**	**-**	**-**	**-**	(1 040)	**(1 040)**
Depreciation for the year	**-**	**-**	**(184)**	**(41)**	**(74)**	**(11)**	**(76)**	**-**	**(386)**
Change in depreciation	**-**	**-**	**-**	**19**	**3**	**-**	**-**	**-**	**22**
Other changes	-	-			3				**3**
Transfer			-	19	-	-	-	-	**19**
Book value at the end of the year	**-**	**-**	**873**	**30**	**156**	**70**	**467**	**174**	**1 770**
30.09.2026									
Cost	**-**	**-**	**1 559**	**191**	**600**	**182**	**710**	**181**	**3 423**
Depreciation	**-**	**-**	**(686)**	**(161)**	**(443)**	**(112)**	**(244)**	**(7)**	**(1 653)**
Book value	**-**	**-**	**873**	**30**	**157**	**70**	**466**	**174**	**1 770**

In 2025, vehicles with a gross carrying amount 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 Shelly 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.

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**	**(939)**
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)	**-**	**-**	**3 579**	**22**	**3 664**	**7 265**
Purchase	-	-	-	-	-	-
Self-constructed	-	-	-	-	3 664	**3 664**
Transfer	**-**	**-**	3 579	22		**3 601**
Disposals (book value)	**-**	**-**	**-**	**-**	(3 601)	**(3 601)**
Transfer	-	-	-	-	(3 601)	**(3 601)**
Amortization for the year	**(94)**	**(8)**	**(862)**	**(162)**	**-**	**(1 126)**
Change in amortization	**-**	**-**	**-**	**-**	**-**	-
Amortization of assets written off	-	-	-	-	-	-
Book value at the end of the year	**335**	**4**	**7 421**	**1 099**	**3 540**	**12 399**
30.09.2026						
Cost	**607**	**41**	**9 649**	**1 682**	**3 540**	**15 519**
Amortization	**(272)**	**(37)**	**(2 228)**	**(538)**	**-**	**(3 120)**
Book value	**335**	**4**	**7 421**	**1 099**	**3 540**	**12 399**

3.03. Right-of-use assets

	30.09.2026			31.12.2025		
	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)	**291**	**155**	**446**	**358**	**533**	**891**
Operating lease	291	155	446	225	533	**758**
Transfer	-	-	**-**	133	-	**133**
Disposals (book value)	**(40)**	**13**	**(27)**	**(32)**	**(24)**	**(56)**
Written off	(40)	-	(40)	-	(10)	**(10)**
Other changes	-	13	13	(32)	(14)	(46)
Depreciation for the year	**(59)**	**(599)**	**(658)**	**(58)**	**(737)**	**(795)**
Change in depreciation	**19**	**-**	**19**	**(50)**	**(137)**	**(187)**
Written off	-	-	-	-	(137)	(137)
Transfer	19	-	19	(50)	-	(50)
Book value at the end of the year	**485**	**4 785**	**5 270**	**274**	**5 216**	**5 490**
Cost	**757**	**6 537**	**7 294**	**506**	**6 369**	**6 875**
Depreciation	**(272)**	**(1 752)**	**(2 024)**	**(232)**	**(1 153)**	**(1 385)**
Book value	**485**	**4 785**	**5 270**	**274**	**5 216**	**5 490**

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

3.04. Goodwill

Name	**September 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 September 30, 2026 and December 31, 2025, respectively.

3.05. Investments in associates

In 2023, Shelly Group SE acquired a 10% interest in the share capital of Corner Solutions OOD for a consideration of 100 thousand euro. In 2024, as a result of a transformation through the merger of Corner Solutions OOD into Ground Solutions Group AD, the Parent Company acquired an interest in the receiving company. Following a capital increase in 2025, the interest held amounts to 8.495%, representing 8 010 Class B preferred shares.

In September 2026, the Parent Company initiated a process for the sale of its interest in Ground Solutions Group AD, in connection with which the investment was reclassified as an asset held for sale in accordance

with IFRS 5. As of the date of reclassification, the carrying amount of the investment, determined using the equity method, amounted to 55 thousand euro.

3.06. Deferred tax assets and liabilities

	September 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. Inventories

	September 30, 2026	December 31, 2025
Goods	20 135	15 603
Goods in transit	51	648
Materials stored abroad	2 858	1 470
Materials stored in Bulgaria	2 585	1 787
Total	**25 629**	**19 508**

As of September 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 2 858 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.

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 September 30, 2026 and December 31, 2025, the Group has no accrued impairment of goods and inventories.

3.08. Trade receivables

	September 30, 2026	December 31, 2025
Receivables from clients	65 302	67 625
Impairment of receivables from clients, net	(725)	(762)
Advances to suppliers	8 516	12 815
Impairment of advances to suppliers	(1 016)	(1 016)
Total	**72 077**	**78 662**

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

	September 30, 2026	December 31, 2025
Impairment at the beginning of the year, net	**1 778**	**172**
Written off and reversed impairment	(37)	(143)
Impairment charged	-	733
Impairment charged on advances to suppliers	-	1 016
Impairment at the end of the period, net	**1 741**	**1 778**

3.09. Other receivables	September 30, 2026	December 31, 2025
TAX RECEIVABLES, including:	**3 778**	**593**
VAT recoverable	*2 126*	*299*
Corporate tax advance payments	*1 652*	*294*
OTHER RECEIVABLES, including:	**1 205**	**948**
Deposits in commercial entities and guarantees	*244*	*128*
Petty cash	*74*	*41*
Prepaid expenses	*863*	*613*
Other receivables	*24*	*166*
Total	**4 983**	**1 541**

The prepaid expenses include:

	September 30, 2026	December 31, 2025
Licenses/Certificates	117	175
Insurance	206	94
Subscriptions	291	116
Exhibitions	237	222
Other	12	6
Total	**863**	**613**

3.10. Cash and cash equivalents

	September 30, 2026	December 31, 2025
Cash on hand	11	11
Cash in current bank accounts	20 516	12 350
Cash in term deposits	10 000	-
Restricted cash	444	268
Cash equivalents	145	961
Cash in transit	-	95
Total	**31 116**	**13 685**

Restricted cash represents guarantee deposits and a bank guarantee provided by companies within the Group.

By currency	September 30, 2026	December 31, 2025
EUR	26 008	8 788
BGN	-	1 316
USD	3 574	1 785
Other	1 534	1 796
Total	**31 116**	**13 685**

The Group's cash is in bank accounts with banks with stable long-term ratings.

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 September 30, 2026.

3.11. Financial assets

	September 30, 2026	December 31, 2025
Currency derivative	92	-
Total	**92**	**-**

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 purchase USD against EUR with a total notional amount of USD 9 000 thousand, distributed over six maturities of USD 1 500 thousand each. During the reporting period, the Group entered into a second currency derivative with an embedded barrier option to purchase USD against EUR with a total notional amount of USD 6 000 thousand, distributed over four 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. Financial assets held for sale

In September 2026, the Group decided to sell the 8 010 Class B preferred shares it holds, representing 8.495% of the share capital of its associate Ground Solutions Group AD.

As of September 30, 2026, the investment is classified as an asset held for sale in accordance with IFRS 5, with a carrying amount of 55 thousand euro, determined after applying the equity method up to the date of reclassification. No additional impairment loss has been recognized on the measurement of the investment in accordance with IFRS 5.

3.13. Bank loans

Bank loans are as follows:

	September 30, 2026	December 31, 2025
UBB AD, incl.:	2 670	2 955
– *up to one year*	*2 670*	*2 955*
– *over one year*		-
Other short-term financing Shelly USA	38	*77*
Other short-term financing Shelly Tech	80	*80*
Other short-term financing Shelly DACH	17	*16*
Other short-term financing Shelly Asia	394	*243*
Total bank loans – non-current portion:	**-**	**-**
Total bank loans – current portion:	**3 199**	**3 371**

The subsidiaries Shelly USA and Shelly DACH use financing under a corporate credit card. The Slovenian company Shelly Tech d.o.o. uses factoring services. The subsidiary Shelly Europe EOOD has an agreed bank financing in the form of an overdraft, with a total limit of 10 million euro and a credit line with a total limit of 13 million euro. As of September 30, 2026, the utilized amounts under the limits are 2 670 thousand euro. Details of the parameters of the provided financing are presented in Note 5.

3.14. Lease liabilities

	September 30, 2026	December 31, 2025
Lease liabilities		
- up to 1 year	789	819
- more than 1 year	4 575	4 743
Total	**5 364**	**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.

3.15. Long-term employee benefit obligations

As of December 31, 2025, 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 September 30, 2026, no new actuarial valuation has been prepared.

The movements in the present value of the defined benefit retirement plans are as follows:

	September 30, 2026	December 31, 2025
Liabilities at the beginning of the year	**250**	**167**
Liabilities paid during the year	-	-
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 length of service of at least 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 December 31, 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.

3.16. Trade payables

	September 30, 2026	December 31, 2025
Suppliers	12 279	8 657
Customer advances	115	16
Total	**12 394**	**8 673**

3.17. Payables to employees and social security obligations

	September 30, 2026	December 31, 2025
Liabilities under employment relationships	539	931
Liabilities for management bonuses	481	407
Liabilities for unused paid leave	559	606
Liabilities to insurance companies	325	296
Total	**1 904**	**2 240**

The liabilities of EUR 407 thousand related to the management bonus for 2025 were approved by the AGM held on June 29, 2026. EUR 248 thousand of this liability had been paid as of September 30, 2026. By resolution of the AGM held on June 29, 2026, the payment of an annual variable cash remuneration to the executive members of the Board of Directors of the Parent Company, referred to as the "annual bonus", based on the results achieved in financial year 2026 for the period from January 1, 2026 to December 31, 2026, was approved. For the first nine months of 2026, the Group has accrued a bonus based on the minimum achievement of the components set for the annual bonus in the amount of EUR 324 thousand.

3.18. Other liabilities

	September 30, 2026	December 31, 2025
Tax payables, including	**4 342**	**4 648**
Corporate tax	3 099	1 328
Value Added Tax	640	2 328
Income tax	105	60
Payables to customs	498	871
Other taxes	-	61
Other liabilities, including	**1 662**	**1 474**
Liabilities for participations	44	89
Warranty service provisions	849	923
Guarantees/Rental deposits	7	8
Dividends payable	-	-
Deferred income	419	440
Income from EU program financing	341	-
Other	2	14
Total other liabilities	**6 004**	**6 122**

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

3.19. Share capital

SHELLY GROUP SE was registered in 2010. The registered capital of the Parent Company as of September 30, 2026, amounts to 9 261 thousand euro and is distributed in 18 158 060 ordinary registered shares with a nominal value of 0.51 euro each. The conversion of the share capital into euros was made according to the rules set out in the Act on the Introduction of the Euro in the Republic of Bulgaria.

As of September 30, 2026 and as of December 31, 2025, the registered share capital is fully paid up.

During the reporting quarter, the Board of Directors received a notification from SE 2026 A SAS, an indirect wholly owned subsidiary of Schneider Electric SE, that it had registered with the Bulgarian Financial Supervision Commission (the "FSC") its voluntary tender offer to acquire all shares of the Parent Company (the "Tender Offer"). The Tender Offer remains subject to approval by the FSC. The acceptance period will commence only after the publication of the Offer as approved by the FSC. The Tender Offer price is EUR 70.00 per share. The minimum acceptance threshold for the offer is for the Offeror to acquire, directly, through related parties or indirectly, at least 95% of the capital of the Parent Company.

The shareholders of the Parent Company as of December 31, 2025 and September 30, 2026 are disclosed in Note 1.2.

3.20. Retained earnings

	September 30, 2026	December 31, 2025
Balance at the beginning of the year	**85 793**	**63 060**
Net profit for the period	23 613	25 089
Foreign exchange differences arising from the translation of financial statements of foreign operations	427	-
Acquisition of a non-controlling interest	(2 149)	-
Profit distribution for dividends	(2 361)	(2 353)
Transfer to reserves	(3)	(3)
Currency effect of revaluation of capital	23	-
Balance at the end of the period	**105 343**	**85 793**

3.21. Legal reserves

	September 30, 2026	December 31, 2025
Balance at the beginning of the year	**989**	**986**
Additional legal reserve	3	3
Effect of an increase in the controlling interest, net	792	-
Balance at the end of the period	**1 784**	**989**

3.22. Share premium reserve

As of September 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 reduced by 153 thousand euro, which were transferred to Legal reserves by decision of the General Meeting of the Shareholders held on June 28, 2021.

3.23. Share-based payments reserve

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

	September 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 September 30, 2026			For the period ended September 30, 2025 (reclassified)		
	Devices	Services	**Total**	Devices	Services and rent	**Total**
REVENUE	**111 823**	**996**	**112 819**	**86 302**	**636**	**86 938**
Book value of goods sold	*(43 860)*	*-*	*(43 860)*	*(36 139)*	*-*	*(36 139)*
Other direct costs	*(1 245)*	*-*	*(1 245)*	*(721)*	*-*	*(721)*
COST OF SALES	**(45 105)**	**-**	**(45 105)**	**(36 860)**	**-**	**(36 860)**
GROSS PROFIT	**66 718**	**996**	**67 714**	**49 442**	**636**	**50 078**

4.02. Other operating revenue

	Period ended September 30, 2026	Period ended September 30, 2025 (reclassified)
Insurance benefits	75	25
Income from financial derivative	143	-
Reintegrated impairment of receivables	-	121
Returned goods	-	280
Financing/electricity compensations	-	11
Gains on FX operations and exchange rate gains, net	2 203	1 975
Other operating income	318	395
Total	**2 739**	**2 807**

4.03. Sales expenses

	Period ended September 30, 2026	Period ended September 30, 2025 (reclassified)
Transport of goods to customers	(2 129)	(1 338)
Certification of products	(280)	(595)
Exhibitions	(1 499)	(1 266)
Marketing and advertising	(11 488)	(6 856)
Representative costs	(470)	(205)
Fees and Commissions	(4)	(23)
Other	(338)	(159)
Total	**(16 208)**	**(10 442)**

4.04. Administrative expenses

	Period ended September 30, 2026	Period ended September 30, 2025
Materials	(243)	(182)
Hired services	(8 752)	(4 061)
Depreciation/amortization expenses	(1 309)	(997)
Employees expenses	(12 903)	(10 651)
Other administrative expenses	(929)	(237)
Total	**(24 136)**	**(16 128)**

4.05. Other operating expenses

	Period ended September 30, 2026	Period ended September 30, 2025 (reclassified)
Bank services	(392)	(381)
Interest, fines and penalties	(43)	-
Foreign exchange rate expenses and losses	(2 086)	(2 285)
Expenses related to financial derivatives	(21)	-
Donations	(2)	(15)
Impairment of receivables	-	(802)
Other	(99)	(933)
Total	**(2 643)**	**(4 416)**

4.06. Financial income

	Period ended September 30, 2026	Period ended September 30, 2025 (reclassified)
Foreign exchange gains	328	102
Interest income	61	43
Total	**389**	**145**

4.07. Financial expenses

	Period ended September 30, 2026	Period ended September 30, 2025 (reclassified)
Lease interest	(118)	(117)
Loans interest	(84)	(44)
Foreign exchange losses	(306)	(251)
Banking financial services	-	(6)
Total	**(508)**	**(418)**

4.08. Income tax expense

	Period ended September 30, 2026	Period ended September 30, 2025
Current tax expense	(3 534)	(3 081)
Tax effect from temporary differences	-	-
Tax expense	**(3 534)**	**(3 081)**

4.09. Earnings per share, net

	Period ended September 30, 2026	Period ended September 30, 2025
Net profit for the reporting period in thousand euro	**23 613**	**18 364**
Weighted-average number of shares	18 158 060	18 118 792
Basic earnings per share in euro	**1.30**	**1.01**

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 third quarter of 2026, there was no change in the number of issued shares of the Parent Company's capital. In June 2025, 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 euro (BGN 1) each.

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 of October 13, 2025	UBB AD	Shelly Europe EOOD	-	10 226 thousand euro	Short-term interest rate (STIR) of UBB, increased by 2.5%; management fee; processing fee	October 30, 2027	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 (STIR) of UBB, increased by 2.25%; management fee; processing fee	October 29, 2027	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 a margin of 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
Credit limit August 5, 2026		Bank of China	Shelly Asia Ltd.		EUR 641 thousand (CNY 5 000 thousand)	Interest rate: floating, 1-year Base Interest Rate + 10 basis points, with a reset every 12 months.	August 5, 2027	Unsecured

As of September 30, 2026, the total amount utilized under the overdraft and the credit facility with UBB AD amounted to 2 670 thousand euro.

As of September 30, 2026, the amount utilized under the bank loan from Bank of China Limited, Shenzhen Luohu Branch, amounted to 394 thousand euro.

As of September 30, 2026, the amount utilized under the bank guarantee of Eurobank Bulgaria EOOD is 385 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 of October 13, 2025	UBB AD	Shelly Europe EOOD	-	10 226 thousand euro	Short-term interest rate (STIR) 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 (STIR) 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 a margin of 1.5%; management fee; commission for issuing bank guarantee	April 3, 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 to increase the limit of its existing bank overdraft from 5 113 thousand euro (BGN 10 000 thousand) to 10 226 thousand 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 not concluded any transactions with interested parties within the meaning of the POSA.

Shelly Group SE has not concluded any transactions with its subsidiaries and associated companies which are beyond its ordinary business activity or significantly deviate from market conditions. Transactions with subsidiaries within its ordinary business activity are eliminated for consolidation purposes.

Key management personnel

For the period until September 30, 2026, gross fixed remuneration (including employer's social security contributions) was accrued to the members of the Board of Directors in the total amount of 637 thousand euro (2025: 604 thousand euro). The remuneration paid was in accordance with the Remuneration Policy.

As of September 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 September 30, 2026, the Group 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 Group'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 fulfillment 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 2025 was approved for the executive members of the Board of Directors, 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 Group for 2025. As of December 31, 2025, the Group 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, of which EUR 248 thousand had been paid as of 30.09.2026.

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 Board of Directors of the Parent 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 nine months of 2026, the Group has accrued a bonus based on minimum performance of the set components for an annual bonus in the amount of EUR 324 thousand.

Financial instruments by categories

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

	September 30, 2026			
Financial assets according to the Statement of financial position	**Financial assets at amortized cost – Cash**	**Financial assets at amortized cost**	**Financial assets at fair value through profit or loss**	**Total**
Cash and cash equivalents	31 116	-	-	**31 116**
Trade receivables	-	64 577	-	**64 577**
Deposits in commercial companies and guarantees	-	244	-	**244**
Currency derivatives	-	-	**92**	**92**
TOTAL FINANCIAL ASSETS	**31 116**	**64 821**	**92**	**96 029**

	September 30, 2026	
Financial liabilities according to the Statement of financial position	**Financial liabilities at amortized cost**	**Total**
Lease liabilities	5 364	5 364
Bank loans	3 199	3 199
Trade liabilities	12 279	12 279
Liabilities for participations	44	44
Guarantees	7	7
TOTAL FINANCIAL LIABILITIES	**20 893**	**20 893**

	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 values of the bank loans used by the Group are determined based on market interest rates applicable to similar instruments with similar terms.

7. 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 financial 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 identified on an ongoing basis, measured and monitored using various control mechanisms to determine adequate measures by the companies of the Group to avoid unjustified concentration of any specific financial risk.

Financial 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, which has developed the basic principles of general financial risk management. Based on these principles, the specific procedures for managing the individual specific financial risks have been defined.

The following describes the different types of financial 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 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 the 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 upcoming payments.

The tables below summarize the currency risk exposure:

September 30, 2026	In EUR	In USD	In other foreign currency	In BGN	Total
Cash and cash equivalents	26 008	3 574	1 534	-	**31 116**
Trade receivables	50 808	12 305	1 464	-	**64 577**
Deposits in commercial companies	216	4	24	-	**244**
TOTAL ASSETS	**77 032**	**15 883**	**3 022**	**-**	**95 937**
Lease liabilities	5 215		149	-	**5 364**
Bank loans	2 767	38	394	-	**3 199**
Trade payables	8 760	3 507	12	-	**12 279**
Liabilities for participations	44			-	**44**
Guarantees	7			-	**7**
TOTAL LIABILITIES	**16 793**	**3 545**	**555**	**-**	**20 893**

December 31, 2025	In EUR	In USD	In other foreign currency	In BGN	Total
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**

Currency sensitivity analysis

There is a currency risk exposure mainly in USD. As of September 30, 2026, 80% of the Group's financial assets are in EUR and 17% in USD. After the acquisition of control over the Chinese subsidiary Shelly Asia Ltd., the Group is also exposed to currency risk of changes in Chinese yuan. After the establishment of the Polish subsidiary Shelly Poland Sp. z o.o., the Group is also exposed to currency risk of changes in Polish

zloty.

In the table below, a sensitivity analysis is presented of the possible changes in the EUR/USD, EUR/PLN and EUR/CNY exchange rates and their effect on 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 EUR/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
30.09.2026	+/-1.00%	159	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 largely independent of changes in market interest rates.

At the same time, the cash outflows of the companies within the Group for the reporting period are exposed to interest rate risk from the use of bank loans and leases agreed with a variable interest rate.
Cash on current accounts with banks bears interest at interest rates according to the tariffs of the respective banks.

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

September 30, 2026	**Interest-free**	**With floating interest %**	**With fixed interest %**	**Total**
Cash and cash equivalents	-	-	31 116	31 116
Trade receivables	64 577	-	-	64 577
Deposits in commercial companies	244	-	-	244
TOTAL ASSETS	**64 821**	**-**	**31 116**	**95 937**

Lease liabilities	-	-	5 364	5 364
Bank loans	-	-	3 199	3 199
Trade payables	12 279	-	-	12 279
Liabilities for participations	44	-	-	44
Guarantees	7	-	-	7
TOTAL LIABILITIES	**12 330**	**-**	**8 563**	**20 893**

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 mainly in two groups: cash (cash on hand and in 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 receivables, as there have been events identifying uncollectible losses based on past experience.

The companies within the Group do not have a 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.

A significant part of the Group's revenue is generated by large companies with a very good credit rating.

The collection and concentration of receivables from customers are 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 payments received, are periodically reviewed by the financial and accounting departments, and an analysis of the unpaid amounts is performed.

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

As of September 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. 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 in the amount of 1 016 thousand euro.

As of September 30, 2026, the Group reported a reversed impairment of receivables in the amount of EUR 37 thousand. Beyond this amount, there was no change in the recognized impairment of receivables and advances provided as of the end of the third quarter of 2026.
The Group's credit risk exposure arising from its financial assets as of September 30, 2026 and December 31, 2025 is presented below:

	September 30, 2026	**December 31, 2025**
Cash and cash equivalents	31 116	13 685
Trade receivables	64 577	66 863
Total	**95 693**	**80 548**

The distribution of the financial assets by impairment stage as of September 30, 2026 and December 31, 2025 is presented in the tables below:

	September 30, 2026			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Financial assets				
Cash and cash equivalents	31 116	-		31 116
Trade receivables	64 603	-	699	65 302
Total	**95 719**	**-**	**699**	**96 418**
Booked provisions (ECL) for financial assets	**(26)**	**-**	**(699)**	**(725)**
Financial assets, net of booked provisions	**95 693**	**-**	**-**	**95 693**

	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 during the reporting periods are presented below:

Gross carrying amount of the financial instruments	***Stage 1 - expected credit loss for 12 months period***	***Stage 2 - expected credit loss for the period of the financial asset life***	***Stage 3 - expected credit loss for the period of the financial asset life***	***TOTAL***
Gross carrying amount as of December 31, 2025	**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	456 883	-	(37)	**456 846**
Maturity of financial assets	(441 738)	-	-	**(441 738)**
Gross carrying amount as of September 30, 2026	**95 719**	**-**	**699**	**96 418**

Gross carrying amount of the financial instruments	***Stage 1 - expected credit loss for 12 months period***	***Stage 2 - expected credit loss for the period of the financial asset life***	***Stage 3 - expected credit loss for the period of the financial asset life***	***TOTAL***
Gross carrying amount as of December 31, 2024	**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 the recognized ECL allowance for financial assets are presented below:

	Stage 1 - expected credit loss for 12 months period	***Stage 2 - expected credit loss for the period of the financial asset life***	***Stage 3 - expected credit loss for the period of the financial asset life***	***TOTAL***
ECL provision as of December 31, 2025	**(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	-	-	37	**37**
Maturity of financial assets	-	-	-	-
ECL provision as of September 30, 2026	**(26)**	**-**	**(699)**	**(725)**

	Stage 1 - expected credit loss for 12 months period	***Stage 2 - expected credit loss for the period of the financial asset life***	***Stage 3 - expected credit loss for the period of the financial asset life***	***TOTAL***
ECL provision as of December 31, 2024	**(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	-	-	-	-
ECL provision as of December 31, 2025	**(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 future periods in order to maintain a balance between the maturity limits of the assets and liabilities. The maturity and

timely execution of payments are monitored by the finance and accounting departments, maintaining up-to-date information on available cash and upcoming payments.

The table below presents an analysis of financial assets and liabilities by remaining contractual maturity, with financial liabilities presented on the basis of undiscounted cash flows.

September 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	-	-	-	-	-	-	-	31 116	**31 116**
Trade receivables	39 382	25 195	-	-	-	-	-		**64 577**
Deposits in commercial companies and guarantees	-	-	-	-	-	-	-	244	**244**
TOTAL ASSETS	**39 382**	**25 195**	**-**	**-**	**-**	**-**	**-**	**31 360**	**95 937**
Lease liabilities	80	152	210	421	757	2 168	1 982	-	**5 770**
Bank loans	135	-	2 720	394	-	-	-	-	**3 249**
Trade payables	6 962	158	5 159	-	-	-	-	-	**12 279**
Liabilities for participations	5	10	15	14	-	-	-	-	**44**
Guarantees	-	-	-	-	-	-	-	7	**7**
TOTAL LIABILITIES	**7 182**	**320**	**8 104**	**829**	**757**	**2 168**	**1 982**	**7**	**21 349**

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

Through 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 invested funds, as well as to maintain an optimal capital structure in order to reduce the cost of capital.

Shelly Group SE monitors on an ongoing basis the capital structure based on the debt ratio. This ratio is calculated as the ratio of net debt capital to 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.

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

	September 30, 2026	**December 31, 2025**
Total debt capital, incl.	29 115	26 218
-Bank loans	3 199	*3 371*
-Lease liabilities	5 364	*5 562*
Less: cash and cash equivalents	(31 116)	(13 685)
Net debt capital	**(2 001)**	**12 533**
Total equity	127 833	107 028
Total capital	**125 832**	**119 561**
Debt ratio	**(1.59%)**	**10.48%**

In the first nine months of 2026, the Group reported an improvement in the debt ratio mainly due to an increase in cash as of September 30, 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.

8. 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 table below presents the fair value hierarchy of the Group’s assets and liabilities in accordance with IFRS 13. The table includes both financial instruments measured at fair value in the statement of financial position and instruments measured on another basis, for which fair value has been determined for disclosure purposes:

September 30, 2026	**Book value**	***Level 1***	***Level 2***	***Level 3***
Financial assets				
Cash and cash equivalents	31 116	-	31 116	-
Currency derivative	92	-	92	-
TOTAL ASSETS	**31 208**	**-**	**31 208**	**-**
Financial liabilities				
Lease liabilities	5 364	-	4 927	-
Bank loans	3 199	-	3 199	-
TOTAL LIABILITIES	**8 563**	**-**	**8 126**	**-**

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, using the interest rate on the loan or the lease, respectively, as the discount factor.

9. Events after the end of the reporting period

In September 2026, the Group entered into an investment agreement with SE 2026 A SAS – an indirectly wholly owned subsidiary of Schneider Electric SE. On September 28, SE 2026 A SAS registered a voluntary tender offer for the acquisition of shares in the capital of the Parent Company (the "Offer"). The Board of Directors has completed its assessment of the registered voluntary tender offer and considers the offered price of EUR 70.00 per share, payable in cash, to be fair and adequate. Its assessment is supported by an independent expert opinion of Freitag & Co. GmbH, according to which the offer price is fair from a financial point of view. The tender offer is subject to approval by the Financial Supervision Commission (FSC), and the acceptance period will commence only after the publication of the approved tender offer. The tender offer will be deemed successful upon the acquisition by SE 2026 A SAS of a total of 95% of the capital of the Parent Company. At present, the FSC has completed its review of the tender offer and has requested amendments and additional information from the offeror. The offeror is to submit the amended tender offer document to the FSC within 20 business days.

After the end of the reporting period, the Group sold its entire interest in the share capital of Ground Solutions Group AD, representing 8 010 Class B preferred shares (8.495% of the share capital).

As a result of the procedure, conducted in the period 04.09.2026 – 12.10.2026, for the offering of 98 387 shares from the capital increase of the Parent Company, addressed exclusively to the members of its management body, Mr. Wolfgang Kirsch subscribed for and paid in full the issue price of all 98 387 (ninety-eight thousand three hundred and eighty-seven) new shares applied for subscription from the capital increase of the Parent Company, at EUR 0.51 per share.

As a result of the offering and the subscription of new shares from the capital increase of the Parent Company, an amount of EUR 50 177.37 (fifty thousand one hundred and seventy-seven euro and thirty-seven cents) was raised. The registration of the increased capital of the Parent Company in the Commercial Register of the Registry Agency is forthcoming.

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.

REPORT ON BUSINESS ACTIVITIES

for the third quarter of 2026

on a consolidated basis



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

This Report on the Business Activities of SHELLY GROUP SE on a consolidated basis presents information about the Group relating to the third quarter of 2026, on a cumulative basis for the period from 01.01.2026 to 30.09.2026 (the "reporting period").

1. INFORMATION ABOUT THE GROUP

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

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

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

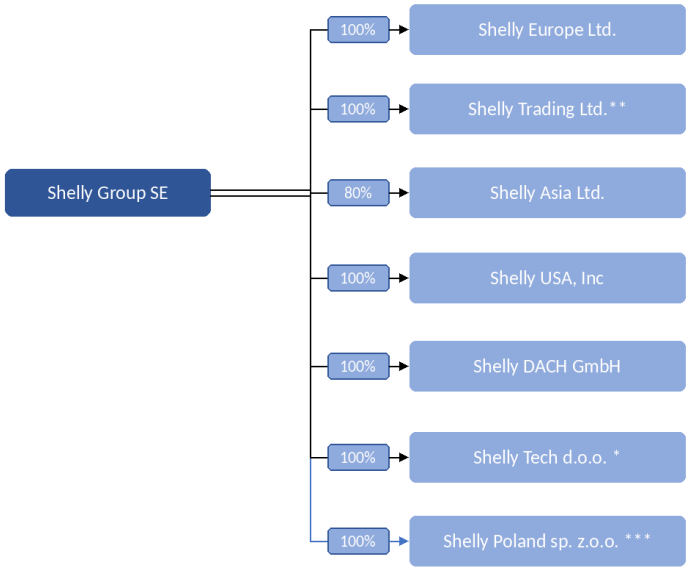
The Company is publicly listed within the meaning of the Public Offering of Securities Act and is registered as a public company in the register kept by the FSC with Decision No. 774-PD of November 14, 2016 as a result of a successfully completed initial public offering of shares from the Company's capital increase.

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

The Company operates in accordance with Bulgarian legislation.

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

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



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

In the reporting period, the Company exercised a call option to acquire the remaining 24% of the equity of its subsidiary, Shelly Tech d.o.o., for a price of EUR 948,939.02 and, after fulfilling the agreed transfer conditions, acquired ownership of the shares, as a result of which its stake in Shelly Tech d.o.o. increased from 76% to 100%.

After the end of the reporting period, SHELLY GROUP SE sold its stake in an associate, comprising 8,010 preference shares representing 8.495% of the capital of "Ground Solutions Group" AD, UIC: 206606897.

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

The core business of the Company and its economic group during the reporting period remains the development, production and sale of IoT devices. At present, the majority of the Group's revenue comes from sales of products under the "Shelly" brand.

1.2. Management

By a decision of 02.06.2025, the General Meeting of Shareholders extended the mandate of the members of the Board of Directors, effective from 05.01.2026, and the latter, by its decision of the same date, distributed their functions as follows:

- Christoph Vilanek – Chairman;
- Nikolay Martinov – Deputy Chairman;
- Dimitar Dimitrov – Executive Director and Representative;
- Wolfgang Kirsch – Executive Director and Representative;
- Svetlin Todorov – Member of the Board of Directors and Representative.

The members of the Board of Directors representing the Company represent the Group jointly or severally.

1.3. Capital structure

At the end of the reporting period, the issued, subscribed, paid-in and registered capital of the Group amounts to EUR 9,260,610.60, divided into 18,158,060 dematerialized ordinary registered voting shares, with a par value of 0.51 euro for each share. The conversion of the share capital into euro was made according to the rules set out in the Act on the Introduction of the Euro in the Republic of Bulgaria for the purposes of presentation in this report.

As of 30.09.2026, the registered share capital is fully paid up.

As of 30.09.2026, the capital structure of SHELLY GROUP SE is as follows:

NAME OF SHAREHOLDER	CAPITAL PERCENTAGE
Dimitar Dimitrov	28.84 %
Svetlin Todorov	22.74 %
SE 2026 A SAS	5.05 %
Other individuals and legal entities	43.37 %

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

After the end of the reporting period, two capital increase procedures were completed – one for directors under Art. 112, Para 4 of the POSA and one for employees under Art. 112, Para 3 of the POSA, pursuant to a decision of the General Meeting of Shareholders dated 29.06.2026.

As a result of the procedure for the offering of 98,387 shares from the capital increase of SHELLY GROUP SE (the "Company"), carried out in the period 04.09.2026 – 12.10.2026 and addressed exclusively to the members of its management body, all 98,387 (ninety-eight thousand three hundred and eighty-seven) new shares applied for were subscribed and their issue value was paid in full.

As a result of the offering and the subscription of new shares from the capital increase of the Company, an amount of EUR 50,177.37 (fifty thousand one hundred and seventy-seven euro and thirty-seven cents) was raised.

As a result of the procedure for the offering of shares from the capital increase of SHELLY GROUP SE (the "Company"), carried out in the period 03.09.2026 – 04.11.2026 and addressed exclusively to employees of the Company and its subsidiaries, all 34,000 (thirty-four thousand) new shares applied for were subscribed and their issue value was paid in full.

As a result of the offering and the subscription of new shares from the capital increase of the Company, an amount of EUR 17,340.00 was raised.

The increased capital of the Company is yet to be registered in the Commercial Register at the Registry Agency.

1.4. Development and research activities

The parent company has not carried out research and development activities and does not plan any in the near future. Two of the subsidiaries of SHELLY GROUP SE carry out such activities, namely: Shelly Europe Ltd. and Shelly Tech d.o.o.

2. IMPORTANT EVENTS FOR SHELLY GROUP SE

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

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

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

3.1. Revenue and operating results

At the end of the third quarter of 2026, the Group reported revenue from the sale of devices in the amount of EUR 111,823 thousand, compared to EUR 86,302 thousand for the same period of the previous year, representing growth of 29.6%. Revenue from services amounted to EUR 996 thousand, compared to EUR 636 thousand for the previous year, representing growth of 56.6%.

For the current period, financial income amounted to EUR 389 thousand, compared to EUR 145 thousand reported in the previous period, representing growth of 168.3%.

At the end of the third quarter of 2026, the Group reported net profit in the amount of EUR 23,808 thousand, which represents an increase in profit of 28.5% compared to the previous period.

REVENUE	9 months of 2025 EUR thousand	y/y change %	9 months of 2026 EUR thousand
Revenue from sale of devices	86 302	29.6%	111 823
Revenue from services	636	56.6%	996
Other operating revenue	2 807	(2.4%)	2 739
Total operating revenue	**89 745**	**28.76%**	**115 558**
Share of profit/(loss) of associates	(16)	(68.8%)	(5)
Financial income	145	168.3%	389
Total financial revenue	**129**	**197.7%**	**384**

3.2. Operating expenses

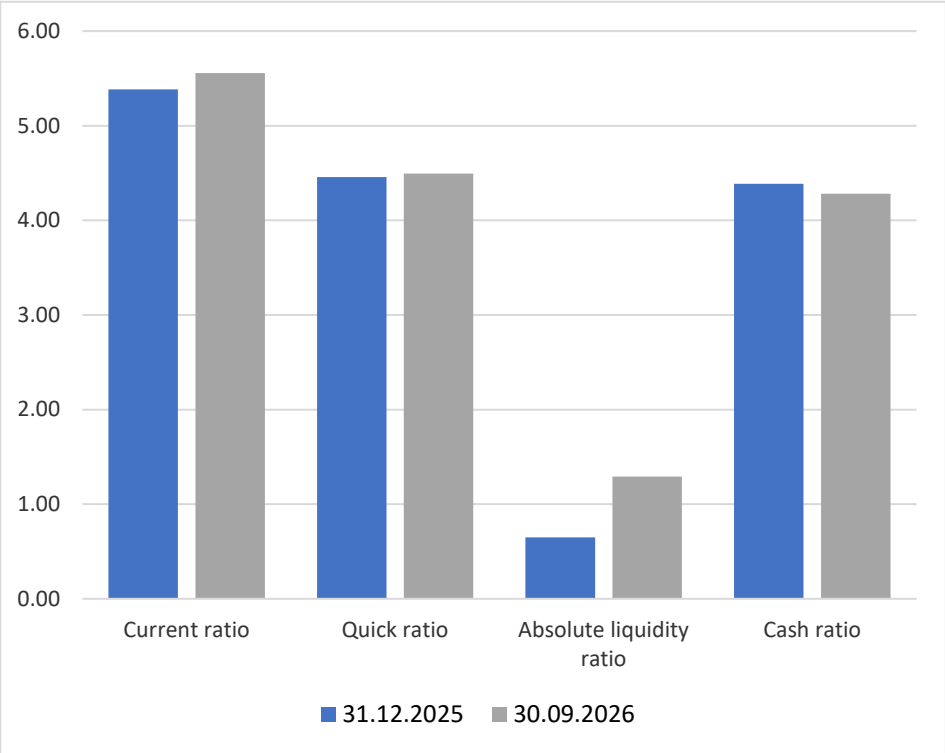
At the end of the reporting period, the Group's total operating expenses increased by 38.5% compared to the same reporting period of the previous year. This is mainly due to marketing and sales expenses, which increased by 55.2%, external services expenses, which increased by 115.5%, and salaries and contributions expenses, which increased by 21.1%.

The largest share of the operating expenses for the reporting period is represented by marketing and sales expenses, with a share of 37.3% of total expenses, followed by salaries and contributions expenses, with a share of 29.7%.

EXPENSES	9 months of 2025 EUR thousand	y/y change %	9 months of 2026 EUR thousand
Materials	(182)	33.5%	(243)
External services	(4 061)	115.5%	(8 752)
Depreciation	(997)	31.3%	(1 309)
Salaries and contributions	(10 651)	21.1%	(12 903)
Other expenses	(237)	292.0%	(929)
Total administrative expenses	**(16 128)**	**49.7%**	**(24 136)**
Marketing and sales expenses	(10 442)	55.2%	(16 208)
Other operating expenses	(4 416)	(40.1%)	(2 643)
Financial expenses	(418)	21.5%	(508)
Total operating expenses	**(31 404)**	**38.5%**	**(43 495)**

3.3. Financial indicators

Liquidity ratios



LIQUIDITY RATIOS	31-12-25	30-09-26
Current ratio	5.38	5.56
Quick ratio	4.46	4.49
Absolute liquidity ratio	0.65	1.29
Cash ratio	4.38	4.28

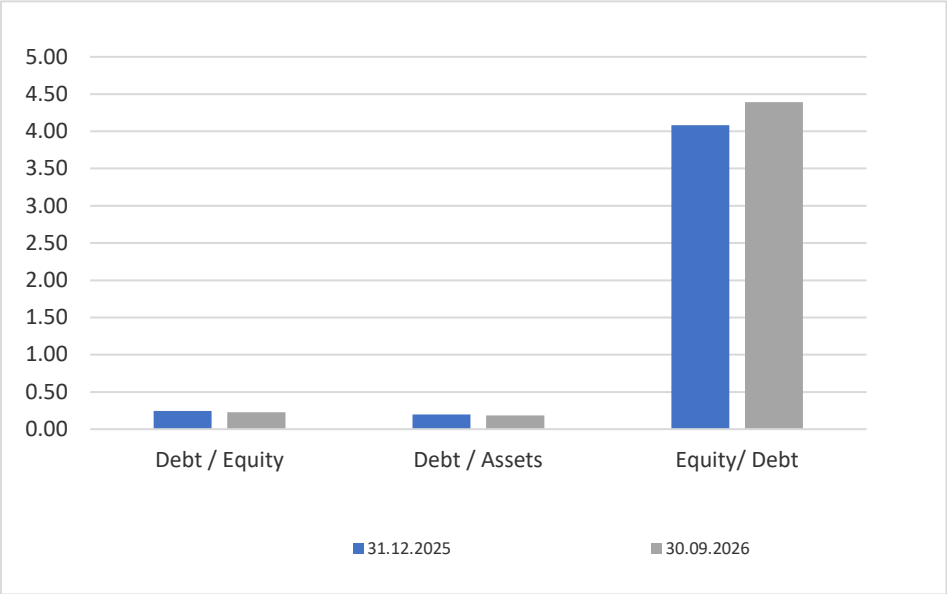
The current liquidity ratio at the end of the reporting period increased due to the following: current assets increased by 18.1% compared to the end of 2025, while current liabilities increased by 14.5%.

The quick liquidity ratio at the end of the reporting period increased due to the following: current assets increased by 15.4% compared to the end of 2025, while current liabilities increased by 14.5%.

The absolute liquidity ratio at the end of the reporting period increased due to the following: current cash increased by 127.4% compared to the end of 2025, while current liabilities increased by 14.5%.

The cash ratio at the end of the reporting period decreased due to the following: current liabilities increased by 14.5% compared to the end of 2025, cash increased by 127.4%, and trade receivables decreased by 8.4%.

Financial autonomy coefficients



DEBT RATIOS	31-12-25	30-09-26
Debt / Equity	0.24	0.23
Debt / Assets	0.20	0.19
Equity / Debt	4.08	4.39

The debt/equity ratio at the end of the reporting period decreased due to the following: the total liabilities of the Group increased by 11.0% compared to the end of 2025, and equity increased by 19.4%.

The debt/assets ratio at the end of the reporting period decreased due to the following: the total liabilities of the Group increased by 11.0% compared to the end of 2025, while assets increased by 17.8%.

The financial autonomy coefficient at the end of the reporting period increased due to the following: the total liabilities of the Group increased by 11.0% compared to the end of 2025, and equity increased by 19.4%.

4. DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES

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

4.1. SYSTEMIC RISKS

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

Type of risk	Description
POLITICAL RISK	Political risk is the likelihood of a change of Government, or of a sudden change in its policy, of occurrence of internal political turmoil and adverse changes in European and/or

<table>
<tr><th>Type of risk</th><th>Description</th></tr>
<tr><td></td><td>national legislation, as a result of which the environment in which local businesses operate would change negatively and investors would incur losses.

Political risks for Bulgaria internationally are related to the commitments undertaken to implement serious structural reforms in the country in its capacity as an equal member of the EU, increasing social stability, limiting inefficient spending, on the one hand, as well as the threat of terrorist attacks in Europe, the strong destabilization of the countries of the Middle East, military interventions and conflicts in the region of the former Soviet Union, the refugee waves generated by these factors, and the potential instability of other key countries in the immediate proximity of the Balkans. Since the beginning of 2025, a significant political factor has been the foreign policy led by the USA towards NATO, the EU, and Europe.

Other factors that also affect this risk are the possible legislative changes and in particular those concerning the economic and investment climate in the country.</td></tr>
<tr><td>GENERAL MACROECONOMIC RISK</td><td>According to the National Statistical Institute, in September 2026 the total business climate indicator decreased by 1.3 points compared to August (from 16.6% to 15.3%). The indicator declined in construction and retail trade, while industry showed an improvement.[1]

The baseline projection foresees economic growth averaging 0.9% in 2026, 1.4% in 2027 and 1.5% in 2028. This represents an upward revision for 2026 and 2027, as the euro area economy has proven more resilient than expected despite the energy shock. The outlook remains highly uncertain, with upside risks to inflation and downside risks to economic growth.[2]</td></tr>
<tr><td>INTEREST RATE RISK</td><td>Interest rate risk relates to possible adverse changes in the interest rates set by financial institutions in the Republic of Bulgaria. Pursuant to the decision of the Governing Council of the Bulgarian National Bank (BNB) announced on 27 November 2025, effective 1 January 2026 the BNB has discontinued the announcement of the base interest rate (BIR) under Art. 35 of the Bulgarian National Bank Act (repealed). As of the same date, the "Methodology for Determining the Base Interest Rate" has been repealed. The methodology was adopted by Decision No. 149/16.12.2004, effective 1 February 2005, and amended by Decisions No. 118/26.11.2015 and No. 37/16.03.2017 of the BNB Governing Council, effective 1 July 2017. According to the BNB, from 1 January 2026 another reference index should be applied in accordance with the requirements of Art. 2, items 6 and 7 of Directive 2011/7/EU of the European Parliament.

Main refinancing operations
<table><tr><th>Date</th><th>Percenta</th></tr><tr><td>11.06.2025</td><td>2.15</td></tr><tr><td>17.06.2026</td><td>2.40</td></tr><tr><td>16.09.2026</td><td>2.65</td></tr></table>*Source: ECB[3]</td></tr>
</table>

[1] https://www.nsi.bg/press-release/nablyudenie-na-biznes-tendenciite-v-promishlenostta-stroitelstvoto-targoviyata-na-drebno-i-uslugite-9167

[2] https://bnb.bg/bnbweb/groups/public/documents/ecb_publication/publications_ecb_mb_202606_bg.pdf

[3] https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.bg.html

Type of risk	Description
	At its meeting on 10 September 2026, the Governing Council decided to raise the three key ECB interest rates by 25 basis points, effective 16 September 2026. As at 30 September 2026, the interest rates are as follows: • main refinancing operations: 2.65% • marginal lending facility: 2.90% • deposit facility: 2.50%.[4]
INFLATION RISK	Inflation risk is a general price increase in which money depreciates and households and firms are likely to suffer a loss. The consumer price index is the official measure of inflation in the Republic of Bulgaria. It assesses the overall relative change in the prices of goods and services used by households for personal (non-productive) consumption and is calculated by applying the structure of final monetary consumption expenditure of Bulgarian households. According to the National Statistical Institute (NSI), monthly inflation in September 2026 was -0.2%, while annual inflation in September 2026 compared to September 2025 was 5.7%. Year-to-date inflation (September 2026 compared to December 2025) was 4.2%. Average annual inflation for the period October 2025 – September 2026 compared to the period October 2024 – September 2025 was 5.1%.[5] The Harmonised Index of Consumer Prices (HICP) is a comparable measure of inflation across EU Member States. It is one of the criteria for price stability and for Bulgaria's accession to the euro area. Like the CPI, the HICP measures the overall relative change in the price level of goods and services. According to the NSI, HICP-based monthly inflation in September 2026 was 0.0%, while annual inflation in September 2026 compared to September 2025 was 5.6%. Year-to-date inflation (September 2026 compared to December 2025) was 4.9%. Average annual inflation for the period October 2025 – September 2026 compared to the period October 2024 – September 2025 was 4.2%.[6] In August 2026, euro area inflation rose to 3.3% from 2.9% in July, according to the flash estimate. Final data published on 17 September put it at 3.2%. Energy inflation accelerated sharply to 14.3% from 10.3% in July. Food inflation remained unchanged at 1.2%. Inflation excluding energy and food decreased to 2.4% from 2.5% in July. Goods inflation increased from 0.9% to 1.2%, while services inflation slowed from 3.3% to 3.0%.[7]
CURRENCY RISK	On 1 January 2026 the euro officially entered into circulation in Bulgaria, bringing the number of European Union (EU) Member States using the single European currency to 21. This follows the formal decision taken in July, which also announced the official conversion rate of 1.95583 Bulgarian leva per 1 euro.[8]

[4] https://bnb.bg/bnbweb/groups/public/documents/ecb_publication/publications_ecb_mb_202606_bg.pdf
[5] https://www.nsi.bg/press-release/inflaciya-i-indeksi-na-potrebitelskite-ceni-9181
[6] https://www.nsi.bg/press-release/inflaciya-i-indeksi-na-potrebitelskite-ceni-8989
[7] https://bnb.bg/bnbweb/groups/public/documents/ecb_publication/publications_ecb_mb_202606_bg.pdf
[8] Bulgaria adopts the euro

Type of risk	Description
	This does not eliminate the risk of adverse movements in the exchange rate of the euro against other major currencies (US dollar, British pound, Swiss franc) on international financial markets, but at present the Company does not believe that such a risk would be material to its operations. The Company may be affected by currency risk depending on the type of currency of cash receipts and the type of currency of the Company's potential loans. The companies of the SHELLY GROUP SE group operate both in Bulgaria and in EU countries and third countries, mainly in the USA, Latin America, Australia and China. At present, the main revenues from the Group's IoT business are in euro, and the costs of delivery of goods in this segment are mainly in US dollars and are largely tied to the Chinese yuan, which is why the appreciation of the US dollar or Chinese yuan would have an adverse effect on business performance. In terms of the Group's exposure to the US dollar, no significant sales revenue in US dollars is expected as a relative share of the Group's total sales revenue going forward. At the same time, the relative share of revenue in yuan is expected to grow at a faster pace. To limit the effects of currency risk, the companies of the Group have introduced a system for planning the deliveries from countries inside and outside the EU, as well as procedures for ongoing monitoring of the movements in the exchange rates of foreign currencies and control over forthcoming payments. Currently, one of the Group companies has entered into agreements that allow the use of derivative instruments to hedge foreign currency risk.
CREDIT RISK OF THE STATE	Credit risk is the probability of deterioration of Bulgaria's international credit ratings, caused by the government's inability to repay its liabilities regularly. Low credit ratings of the country can lead to higher interest rates, more difficult financing conditions, both for the state and for individual economic entities, including the Company. Credit ratings are prepared by specialized credit rating agencies and serve to determine and measure a country's credit risk. A credit rating is an assessment of the quality and security of an issuer's bond debt, formed based on an analysis of its financial condition. Rating services are performed by specialized rating agencies and represent an assessment of the creditworthiness and ability to service the borrowed funds used by a borrower when they fall due.
	The international credit rating agency **Standard and Poor's Global Ratings** revised its outlook on Bulgaria's rating to positive from stable and affirmed the country's long- and short-term foreign and local currency sovereign credit ratings at "BBB+/A-2". The positive outlook reflects the potential for rising incomes and accelerating growth in Bulgaria, supported by improved political stability, planned reforms and the disbursement of EU funds. The agency's analysis notes that the snap parliamentary elections held in April gave a majority to the party of former President Rumen Radev, ending five years of political instability. According to the analysts, the new situation should enable the government to implement anti-corruption measures, meet the conditions for receiving Bulgaria's final tranches under the Recovery and Resilience Plan, and begin fiscal consolidation.

Type of risk	Description
	S&P Global Ratings expects Bulgaria's GDP per capita to continue rising, noting that it has already doubled since 2019. Net general government debt remains moderate by global standards and is expected to stay below 30% of GDP through 2029.[9]
	In a rating action dated 25 September 2026, the international credit rating agency **Fitch Ratings** affirmed Bulgaria's long-term foreign-currency rating at "BBB+" with a stable outlook. The rating reflects Bulgaria's sound external and fiscal position and its credible policy framework, underpinned by the country's membership in the EU and the euro area. At the same time, unstable coalition governments and frequent elections in recent years have slowed progress in implementing reforms. The agency notes that, at current growth rates, per capita income is expected to remain below that of similarly rated countries. The stable outlook reflects Fitch's expectation that renewed domestic political uncertainty and external geopolitical risks will neither hinder Bulgaria's solid economic growth nor lead to a build-up of macroeconomic, fiscal or external imbalances. External finances remain a rating strength, despite the reported widening of the current account deficit.[10]
UNEMPLOYMENT RISK	As a key factor affecting consumer purchasing power, rising unemployment would reduce demand for Internet of Things (IoT) products. On the other hand, demand for labour from businesses remains very strong, so this risk appears insignificant over the next year. According to Eurostat estimates, the seasonally adjusted unemployment rate in the euro area was 6.4% in August 2026, unchanged from July 2026 and up from 6.3% in August 2025. The EU unemployment rate was 6.1% in August 2026, stable compared to July 2026 and up from 6.0% in August 2025.[11] At the end of September 2026, the registered unemployment rate in Bulgaria was 5.43%, with 154,096 registered unemployed persons. This represents a decrease of 0.04 percentage points compared to August 2026 (5.47% at the end of August) and an increase of 0.22 percentage points compared to September 2025. In September, employers reported 10,800 job vacancies, 12% more than in August.[12]
RISK ASSOCIATED WITH THE LEGAL SYSTEM	Although Bulgaria has introduced several significant legislative changes since joining the EU and most of the Bulgarian legislation has been harmonized with EU legislation, the legal system in the country is still in the process of reform. Judicial and administrative practices remain problematic, and it is difficult to effectively resolve property disputes, breaches of laws and contracts, and other matters. Deficiencies in the legal infrastructure can result in uncertainties arising from the implementation of corporate actions, the implementation of supervision and other issues.
TAX RISK	It is essential for the financial performance of the companies to maintain the current tax regime. There is no guarantee that the tax legislation, which is directly relevant to the core

[9] https://www.minfin.bg/bg/news/65117
[10] https://www.minfin.bg/bg/news/613372
[11] https://ec.europa.eu/eurostat/web/products-euro-indicators/w/3-01092026-bp
[12] https://www.az.government.bg/bg/news/view/poveche-ot-13-200-bezrabotni-nameriha-svoeto-rabotno-mjasto-chrez-burata-po-truda-prez-septemvri-3980/

Type of risk	Description
	business of the Company, will not be changed in a direction that would lead to significant unforeseen expenses and, accordingly, would adversely affect its profit. The taxation system in Bulgaria is still developing, as a result of which contradictory tax practice may arise.

4.2. NON-SYSTEMIC RISKS

Risks related to the industry in which the Group operates

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

Risk of shortage of key personnel

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

Risk of strong competition

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

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

Risk related to personal data security and hacker attacks

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

Risk of regulatory and specific technical requirements

The supply of IoT devices is related to regulation regarding the certification of products for sale in the respective country. In the European Union, products are required to bear the "CE" marking, which indicates that the product has been evaluated and meets the requirements of safety, health and environmental protection. In the US, the

equivalent is “UL” certification. For certification purposes, accredited laboratories are assigned compliance tests, which involve significant costs. In addition, specifics in the requirements of local regulators and contractors (especially mobile operators) may require additional tests and certification to be performed, which increases the cost of entering a particular market or particular distribution channel.

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

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

Risk of technology change

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

Risks related to the Group’s business

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

Operational risk

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

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

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

Risk associated with business partners

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

Risks arising from new projects

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

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

Liquidity risk

The expression of liquidity risk in relation to the Group is associated with the possibility of lack of timely and/or sufficient available funds to meet all current liabilities. This risk may arise both in the event of significant delays in payments by the Group's debtors and in the event of insufficiently effective management of the cash flows from the Group's operations.

The Group pursues a conservative liquidity management policy, through which it constantly maintains an optimal liquidity cash reserve and good ability to finance its business activities. In order to control the risk, the Group monitors the timely payment of incurred liabilities. The Group monitors and controls the actual and projected cash flows for periods ahead and maintains a balance between the maturity limits of the assets and liabilities.

5. TRANSACTIONS WITH RELATED OR INTERESTED PARTIES

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

SHELLY GROUP SE has not entered into any transactions with its subsidiaries and associates that fall outside its ordinary business activities or that significantly deviate from market conditions. Transactions in the ordinary course of business with the subsidiaries are disclosed in the Company's individual financial statements as of 30.09.2026, and these are excluded for consolidation purposes.

For transactions with group companies, see also note 6 of the individual financial statements of SHELLY GROUP SE as of 30.09.2026.

Key managerial personnel

During the first nine months of 2026, the gross fixed remuneration accrued to the members of the Board of Directors (including employer's social security contributions) amounted to a total of EUR 637 thousand (as of 30.09.2025: EUR 604 thousand). The remuneration paid was in accordance with the Remuneration policy.

The members of the Board of Directors as of 30.09.2026 are:

- Christoph Vilanek – Chairman;
- Nikolay Martinov – Deputy Chairman;
- Dimitar Dimitrov – Executive Director and Representative;
- Wolfgang Kirsch – Executive Director and Representative;
- Svetlin Todorov – Member of the Board of Directors and Representative.

Share-based compensation

As of the end of 2025 and as of 30.09.2026, respectively, the Company recognizes a share-based payment obligation to its executive directors as a result of the share option scheme adopted in 2022 for the granting of remuneration in the form of share options to the executive members of the Board of Directors. Based on the objectives set out in the scheme and the Company's assessment of the extent to which these objectives have been achieved, the executive members are entitled to receive options to acquire a total of 712,200 shares. Following a decision of the General Meeting of Shareholders dated 29.06.2026, the fulfilment of the conditions for exercising the option packages and their number were confirmed. Further information in this regard is disclosed in Appendix 11 to the individual financial statements of SHELLY GROUP SE as of September 30, 2026.

Annual cash bonus

According to a decision of the General Meeting of Shareholders dated 02.06.2025, an amendment to the remuneration policy for the executive members of the Board of Directors for 2025 was approved, entitling them to receive a variable cash remuneration (annual bonus), the amount of which depends on the financial results achieved for the 2025 financial year. The final amount of the bonus was approved by the General Meeting of Shareholders on 29.06.2026 upon the adoption of the Group's audited consolidated financial statements for 2025. As of 31 December 2025, the Group recognized a total accrual for annual bonus in the amount of EUR 407 thousand for the two executive members of its Board of Directors, of which EUR 248 thousand had been paid as of 30.09.2026.

By a decision of the General Meeting of Shareholders dated 29.06.2026, the payment of an annual variable cash remuneration to the executive members of the Company, called "annual bonus", based on the results achieved in the 2026 financial year for the period from 01.01.2026 to 31.12.2026, was approved. For the first nine months of 2026, the Company has accrued a bonus based on the minimum achievement of the set annual bonus components in the amount of EUR 324 thousand.

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

No material new receivables and/or payables of the Group arose during the period, except for those described in the notes to the individual financial statements as of 30.09.2026.

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

Historical data on trade (Source: Investor.bg)

Date	Volume	Turnover	Highest price	Lowest price	Opening price	Closing price
30.09.2026	60204	3964032.2	67.900	61.700	64.200	66.100
31.08.2026	26273	700645.9	66.300	63.000	64.600	64.200
31.07.2026	38748	2318000	66.800	56.000	59.900	64.500
30.06.2026	13157	793666.70	61.400	59.000	60.000	60.400
29.05.2026	25338	1523778.80	64.100	55.700	56.900	60.000
30.04.2026	44910	2452983.80	58.300	50.200	51.800	56.000
31.03.2026	120136	6244460.10	61.200	43.100	59.200	50.600
27.02.2026	29826	1899904.40	69.000	59.000	68.000	59.200
30.01.2026	1131	76893.40	68.800	67.600	68.800	68.000

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

8. EVENTS AFTER THE END OF THE REPORTING PERIOD

In September 2026, the Company entered into an investment agreement with SE 2026 A SAS, an indirect wholly owned subsidiary of Schneider Electric SE. On 28 September, SE 2026 A SAS registered a voluntary tender offer for the acquisition of shares in the capital of the Company (the "Tender Offer"). The Board of Directors has completed its assessment of the registered voluntary tender offer and considers the offered price of EUR 70.00 per share, payable in cash, to be fair and adequate. Its assessment is supported by an independent expert opinion by Freitag & Co. GmbH, according to which the offer price is fair from a financial point of view. The Tender Offer is subject to approval by the FSC. The acceptance period will begin only after the approved tender offer is published. The Tender Offer will be deemed successful if SE 2026 A SAS acquires a total of 95% of the capital of the Company. The FSC has now completed its review of the Tender Offer and has requested amendments and additional information from the offeror. The offeror is to submit the amended tender offer document to the FSC within 20 business days.

After the end of the reporting period, the Board of Directors of SHELLY GROUP SE sold the Company's entire minority stake in "Ground Solutions Group" AD, representing 8,010 class B preference shares (8.495% of the capital).

An offering of 98,387 shares from the capital increase of SHELLY GROUP SE (the "Company") was carried out in the period 04.09.2026 – 12.10.2026, addressed exclusively to the members of its management body. As a result, all 98,387 (ninety-eight thousand three hundred and eighty-seven) new shares applied for were subscribed by Mr. Wolfgang Kirsch, and their issue value of EUR 0.51 per share was paid in full.

As a result of the offering and the subscription of new shares from the capital increase of the Company, an amount of EUR 50,177.37 (fifty thousand one hundred and seventy-seven euro and thirty-seven cents) was raised. The increased capital of the Company is yet to be registered in the Commercial Register at the Registry Agency.

As a result of the procedure for the offering of shares from the capital increase of SHELLY GROUP SE (the "Company"), carried out in the period 03.09.2026 – 04.11.2026 and addressed exclusively to employees of the Company and its subsidiaries, all 34,000 (thirty-four thousand) new shares applied for were subscribed and their issue value was paid in full.

As a result of the offering and the subscription of new shares from the capital increase of the Company, an amount of EUR 17,340.00 was raised. The increased capital of the Company is yet to be registered in the Commercial Register at the Registry Agency.

9. OTHER INFORMATION AT THE DISCRETION OF THE COMPANY

The subsidiary "Shelly Europe" EOOD, acting as the lessee, entered into, during the reporting period, with "Office X" AD, acting as the lessor, an Annex to the 2024 Office Lease Agreement for the lease of additional office space, valid until the expiration of the main lease agreement. The subject of the annex is 1,904 square meters of office space and 40 parking spaces located in the "Office X" office building, Building 3, the use of which is provided in exchange for a monthly fee (rent and management and maintenance fee) totaling EUR 47,488.64, subject to annual indexation. Thus, the total value of the lease agreement for all leased space amounts to EUR 11,918,792, excluding VAT, for the entire duration of the agreement.

The transaction is related to the need for additional office space as a result of the expansion of the team and the development of the business.

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

Date: November 10, 2026

For SHELLY GROUP SE:

Dimitar Stoyanov Dimitrov

Digitally signed by Dimitar Stoyanov Dimitrov
Date: 2026.11.10 18:08:56 +02'00'

Dimitar Dimitrov,
Executive Director