

| | |
|--|--|
| Rating | Buy |
| Price target | BGN 95.00 (previous: BNG 82.00) |
| Potential | 35% |
| Share data | |
| Share price (last close price in BGN) | 70.60 |
| Number of shares (in m) | 18.0 |
| Market cap. (in BGN m) | 1,270.8 |
| Trading vol. (Ø 3 months; in K shares) | 1.8 |
| Enterprise Value (in BGN m) | 1,242.3 |
| Ticker | BUL:SLYG |
| Guidance 2024 | |
| Sales (in BGN m) | > 205.4 |
| EBIT (in BGN m) | > 50.9 |

Share price (BGN)



Source: Capital IQ

| | |
|--------------------|-------|
| Shareholder | |
| Free float | 40.3% |
| Dimitar Dimitrov | 30.3% |
| Svetlin Todorov | 29.4% |
| - | - |
| - | - |

| | |
|--------------------------|-----------------|
| Calendar | |
| Q2 results | August 14, 2024 |
| Hamburger Investorentage | August 21, 2024 |

| | | | |
|-----------------------------|--------------|--------------|--------------|
| Changes in estimates | | | |
| | 2024e | 2025e | 2026e |
| Sales (old) | 209.6 | 293.8 | 411.3 |
| Δ | 2.1% | 4.1% | 4.1% |
| EBIT (old) | 53.0 | 73.7 | 102.8 |
| Δ | 3.3% | 4.8% | 4.2% |
| EPS (old) | 2.41 | 3.32 | 4.57 |
| Δ | 3.3% | 4.5% | 4.2% |

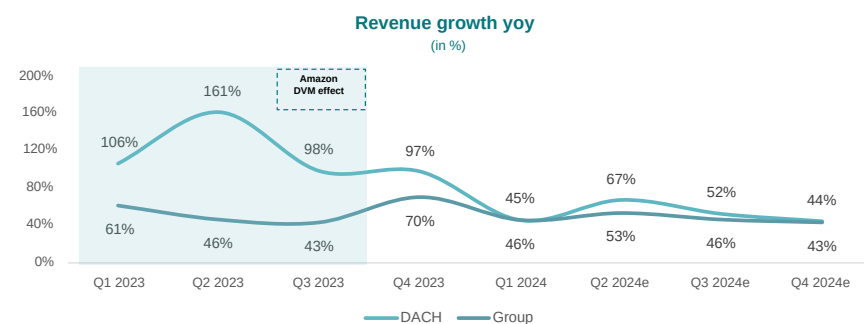
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|--------------------|--|
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| | |
|--------------------|---------------|
| Publication | |
| Comment | July 10, 2024 |

Preview: Preliminary revenue figures show impressive acceleration of growth in Q2 - Price target raised

Yesterday, the Shelly Group has published preliminary figures for consolidated revenue in the first six months. Accordingly, the company did not only build on the successful first quarter but even boosted top line momentum once again.

Positive revenue trend in all regions: Based on the preliminary publication, consolidated revenues of BGN 81.6m or EUR 41.7m in H1/24 are significantly higher than in the previous year (H1/23: BGN 54.8m or EUR 28.0m; +49.0% yoy). This implies higher growth momentum in Q2 of +52.7% yoy to BGN 41.5m or EUR 21.2m compared to the top line increase of +45.5% yoy in Q1/24. We expect Shelly to have recorded positive momentum in all regional segments, although the DACH region should have remained the main driver of the absolute increase in revenue. At the same time, we believe that the South European countries and Australia have made significant contributions to the strong boost in revenue. In addition to localization of sales, the change of the Amazon sales model from Marketplace to Direct Vendor (DVM) is seen to have contributed to this. This change was implemented in several South European countries in 2023 and in Australia in Q1/24. The change in Germany in the second half of 2022 resulted in a significant boost in revenue in the subsequent quarters (see chart). It is a positive that the growth rates in the DACH region currently stabilize at a high level (MONe: +44-67% yoy) although the comparison base has become far more demanding. In the next year, we also expect to see first revenues from the ShellyX module business, which should lead to a further diversification of the sales base.



Source: Shelly, forecasts: Montega

Continue on the next page ->

| | | | | | |
|----------------------|-------------|-------------|--------------|--------------|--------------|
| FYend: 31.12. | 2022 | 2023 | 2024e | 2025e | 2026e |
| Sales | 93.2 | 146.5 | 214.0 | 306.0 | 428.3 |
| Growth yoy | 56.6% | 57.3% | 46.0% | 43.0% | 40.0% |
| EBITDA | 21.3 | 39.3 | 57.6 | 80.8 | 111.8 |
| EBIT | 20.4 | 37.4 | 54.8 | 77.3 | 107.1 |
| Net income | 17.4 | 32.9 | 44.9 | 62.5 | 85.7 |
| Gross profit margin | 50.3% | 57.1% | 55.0% | 54.1% | 53.1% |
| EBITDA margin | 22.9% | 26.8% | 26.9% | 26.4% | 26.1% |
| EBIT margin | 21.9% | 25.5% | 25.6% | 25.3% | 25.0% |
| Net Debt | -23.5 | -25.9 | -22.6 | -37.6 | -63.8 |
| Net Debt/EBITDA | -1.1 | -0.7 | -0.4 | -0.5 | -0.6 |
| ROCE | 43.7% | 53.7% | 51.9% | 52.3% | 55.4% |
| EPS | 0.97 | 1.83 | 2.49 | 3.47 | 4.76 |
| FCF per share | -0.11 | 0.39 | 0.06 | 1.21 | 1.98 |
| Dividend | 0.23 | 0.25 | 0.37 | 0.52 | 0.95 |
| Dividend yield | 0.3% | 0.4% | 0.5% | 0.7% | 1.3% |
| EV/Sales | 13.3 | 8.5 | 5.8 | 4.1 | 2.9 |
| EV/EBITDA | 58.2 | 31.6 | 21.6 | 15.4 | 11.1 |
| EV/EBIT | 61.0 | 33.2 | 22.7 | 16.1 | 11.6 |
| PER | 72.8 | 38.6 | 28.4 | 20.3 | 14.8 |
| P/B | 16.1 | 11.5 | 8.4 | 6.2 | 4.5 |

Source: Company data, Montega, Capital IQ

Figures in BGN m, EPS in BGN, Price: 70.60 BGN

Growing marketing costs outweighed by economies of scale: Although no information was submitted as to the bottom line, we forecast a slightly higher EBIT margin in H1/24 than in the previous year (EBIT margin H1/23: 24.9%). This should mainly be attributable to a significantly lower administration cost ratio (MONE: 21.9%, -3.0pp yoy) due to a disproportionately low increase in staff in relation to revenue growth. In the previous year, Shelly still made significant investments in the expansion of corporate structures with sales and development being the prime targets. Conversely, the relative marketing costs are expected to have increased because of higher trade fair and paid search activities.

Top and bottom-line forecasts raised: In the context of the strong revenue development, we adjust our growth expectations for the current year from 43.0% to 48.0% yoy and for 2025 from 40.2% to 43.0% yoy. An increase in revenue of 49.0% yoy in H1/24 continues to imply a slight slowdown in momentum in the second half of the year which is attributable to the high comparison base in Q4/2023 in our view. We also take account of the economies of scale in administration costs mentioned above by expecting a slight increase in the EBIT margin in comparison to the prior forecasts. Based on the diversification of the business model into further segments (ShellyX module business, Shelly cloud, app subscription) we lower the beta from 1.3 to 1.2.

Conclusion: Shelly's core business continues its extremely positive trend and has accelerated growth momentum in Q2. Furthermore, the equity story has become even more attractive with ShellyX and the corresponding expansion to a platform business and is likely to extend the company's growth cycle. For this reason, we reiterate our buy recommendation and raise the price target from BGN 82.00 to BGN 95.00.

Company Background

Shelly Group is a joint stock company under Bulgarian law (AD) headquartered in Sofia, which is specialized in the development and distribution of products from the smart home sector. The company also distributes tracking products, but they rather play a minor financial role (revenue share: < 5%).

The reporting currency is lev (BGN). Bulgaria has planned to join the euro with effect of 1 January 2024. As the lev was tied to the Deutsche Mark for historical reasons (at a ratio of 1:1 since 1999), the lev to euro conversion rate corresponds to the DM at that time, namely 1 lev = 0.51129 euros and 1 euro = 1.95583 lev. This rate has been fixed by Bulgarian law and does not change.

The smart home products are sold under the „Shelly” brand. Alongside plug-and-play solutions and sensors, the portfolio mainly includes relays which are installed hidden behind the socket or switch, and which can be directly controlled via a Wi-Fi connection or Bluetooth. The company differs essentially from many other providers (Philips Hue, Tado or Fibaro amongst others), whose product often can only be controlled via a hub/bridge within their own ecosystem. Furthermore, the products can be combined with other smart home applications and are in the entry-level price segment with a starting price of less than EUR 20. In addition to smart home products, the product portfolio also includes smartwatches specifically for children as well as tracking devices, for instance for baggage, pets, or health care data.

Key Facts

| | |
|------------------------|--|
| Sector | Technology |
| Code | SLYG |
| Employees | 160 |
| Revenue | BGN 146.5 m/ EUR 74.9 m |
| EBIT | BGN 37.4 m/ EUR 19.1 m |
| EBIT margin | 25.5% |
| Core Competence | Development, production as well as marketing of high-quality IoT products, especially in the field of Smart Home |
| Locations | Headquarters Sofia (Bulgaria), other locations are in Munich (Germany) and Las Vegas (USA) |
| Regions | DACH (49.0%), Rest of Europe (43.7%), RoW (7.3%) |

Source: Company data

Status: 31.12.2023

Organizational structure

Shelly Group Plc, which is based in Sofia, is the group's parent company. The holding includes five subsidiaries which are all fully consolidated and fully owned by the parent company. The companies are in Bulgaria, Germany, and the USA. Overall, the group has c. 160 employees (at the end of FY 2023), 45% of which are working in the technology area, 20% in sales & support, 15% in logistics and 20% in the remaining areas.

Corporate Structure



Source: Company data

Major events in the company's history

- 2003 Foundation of Teracomm Ltd. in the field of telecommunications services
- 2012 Foundation of today's Allterco JSCo holding company with the intention to bundle the structure

- 2003 Foundation of Teracomm Ltd. in the field of telecommunications services
- 2012 Foundation of today's Allterco JSCo holding company with the intention to bundle the structure
- 2013 Development of "Shelly", the first home automation device
- 2015 Reorganization of the company and focus on IoT sector
- 2016 IPO at the Bulgarian BVB stock exchange
- 2018 Establishment and expansion of Shelly and MyKi products with international distribution
- 2019 Sale of the European telco business and exclusive focus on smart home and tracking products & Expansion in the USA
- 2020 Capital increase for growth financing and increase in trading liquidity (gross emission proceeds: BGN 9.2m)
- 2021 Additional listing at the Frankfurt Stock Exchange & Disposal of non-relevant subsidiaries in Asia from a strategic point of view
- 2023 Acquisition of Slovenian IoT provider GOAP d.o.o. & renaming in "Shelly Group"

Products

The Shelly Group's product portfolio spans from various smart home products and smartwatches specifically for children to monitoring and tracking products. Smart home products account for the lion's share (> 95%) of group's revenues and thus are at the center of the company's equity story.



Source: Company data

The smart home products are sold and distributed under the **"Shelly"** brand. Relays build the basis of these products. They allow for remote control of lights, electric devices, or sensors. These relays are connected to the power supply behind a socket or a switch and can be controlled through Wi-Fi via the Shelly app or one of many different providers from the IoT sector (Amazon Alexa, Google Home, SmartThings, Home Assistant etc.) entirely without additional hub. Besides controlling the devices in case of need, Shelly also allows for establishing routines (e.g. retracting the awning in the event of storm warnings) and monitoring energy consumption. Because of the Wi-Fi standard used, the relays can be combined with other smart home devices with Wi-Fi standard without any problems.

In addition to the traditional relays, which people can easily install in their own home, the Shelly brand also offers products within their **Pro line** for an installation in the fuse box. The Pro products can be controlled both via Wi-Fi and LAN and thus are more secure and reliable. Consequently, the Shelly Pro line is often also installed in office buildings, retail stores or production sites. We believe it is also of major interest for B2B customers (such as electricians). The **Plus line** introduced a new generation of Shelly relays, which are characterized by newer technology (processor, Wi-Fi and Bluetooth module) and a slightly smaller design.

Alongside the relays, which are not visible after their installation, Shelly Group also offers various **plug-and-play** products. The assortment includes the Shelly Plug (Wi-Fi socket), the Shelly Bulb (smart bulb), the Shelly Button (programmable Wi-Fi button) and the Shelly TRV (Wi-Fi heating thermostat). Additionally, the Shelly product portfolio provides various **detectors and sensors** (motion detectors, temperature and humidity sensors, smoke detectors as well as door and window sensors).

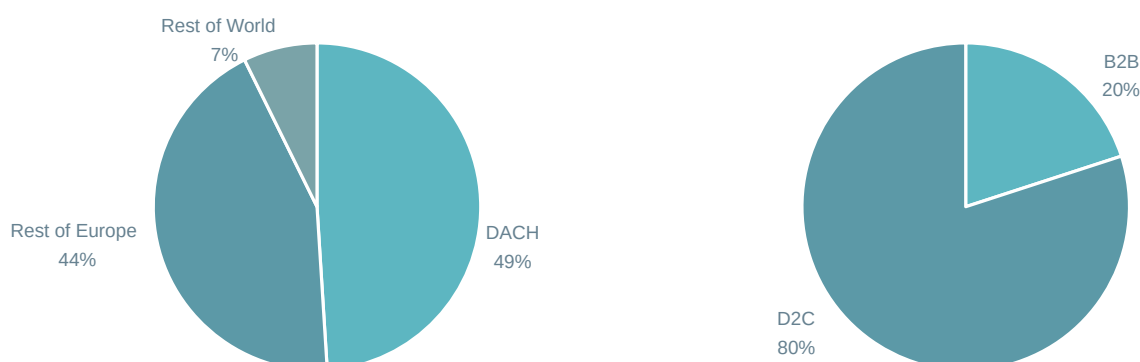
Most of Shelly Group's products are developed in Sofia. The key parts of the raw materials – most notably chips – are procured by the company itself and made available to the suppliers in Asia. Procurement is almost exclusively done in China among a couple of core suppliers (Top 5 suppliers > 90% of material expenses). The group always strives to be the largest customer of every supplier to have a good bargaining position. As the products have a very low pack size, they are shipped by air and sea freight. The share of sea freight is planned to be significantly increased to continue to lower ancillary costs of procurement.

Markets and sales

The company does not provide segment reporting pursuant to IFRS 8 so far. The 2023 Annual Report is based on a regional segment analysis as primary segment.

Shelly Group generates the largest portion of revenues in the DACH region (49%). In further European countries, the group most recently generated a sales share of around 43.7%. The rest of the world (RoW) accounts for further 7.3%. The company still sees significant growth potential in all the regions. Due to the success of actions made to optimize revenues in the DACH region, local sales teams are also being set up in further markets. The North American market is a key growth region in the RoW sector, which has hardly been developed so far. According to the company, in addition to the progress made recently inorganic growth may also be an option here to accelerate the development of the market.

Sales by region (left) and by distribution channel (right)



Source: Company data

Just under 20% of the products are currently distributed through the Shelly websites (D2C online). The company wants to significantly professionalize D2C sales over the next few quarters. As a start, the web shops will be relaunched in all relevant languages. In parallel, however, the company also pushes ahead the backend processes for faster delivery times as well as the SEO and SEA optimization.

The B2B sector includes all sales to commercial customers. Most of them resell the products via online channels such as Amazon. At present, Amazon Germany is exclusively addressed by partners. The company assumes that only some 10% of B2B revenue are currently generated with electricians. Professional providers likewise hold significant growth potential. For instance, the Shelly Group is currently negotiating with a major electrical wholesaler for a listing of the Shelly products.

ESG positioning

In line with the product portfolio, which includes a broad variety of products for energy metering and energy conservation, the company also pursues ambitious ESG goals. Amongst others, this includes the conversion to 100% renewable energy and the reduction of energy consumption by 70% by 2030 at the latest. Furthermore, the Shelly Group aims to establish more diversity at management level and to provide a concerted work-life balance for the employees. The table below summarizes the ESG goals.

| Ecological | Social | Governance |
|---|---|---|
| <p><i>Developing a sustainable future</i></p> | <p><i>Connecting communities across the globe</i></p> | <p><i>Guiding the industry through early adoption</i></p> |
| <p>Enabling On target to reduce company energy consumption latest by 70% by 2030</p> <p>Sustainability On Track to shift Internal Products & Services to sustainable alternatives latest by 2030</p> <p>100% renewables In-line with company commitment to have a net zero carbon footprint latest by 2030</p> | <p>Communities Committed to a sustainable environment for the communities we serve</p> <p>Employees & Neighbors Engaged as employees & neighbors, actively working together to benefit our community</p> <p>Outreach Actively communicating to benefit our community & environment</p> | <p>Diverse Leadership Committed to a diverse leadership & supervisory board</p> <p>Empowering Delivering results while empowering employees to make key decisions</p> <p>Enabling Balance Flexible employee workplaces</p> |

Source: Company data

Management

The Shelly Group has a one-tier governance model with an executive and non-executive board structure. Dimitar Dimitrov and Wolfgang Kirsch are executive board members responsible for the company’s operational management.



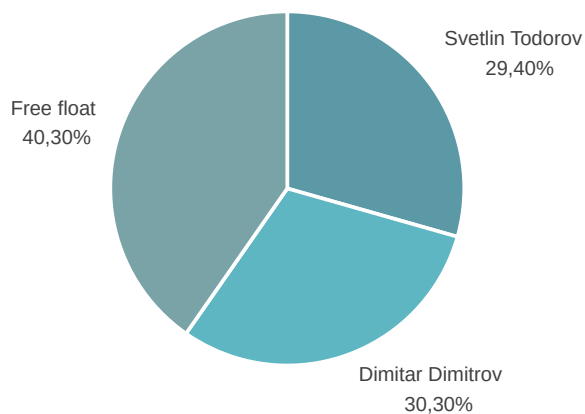
Dimitar Dimitrov is the founder, CEO of the Bulgarian holding company, and one of the biggest individual shareholders with a stake of some 30%. In addition to administrative topics at group level, Mr. Dimitrov is primarily responsible for R&D. Mr. Dimitrov had already established other IT companies before, such as a software company for 8- and 16-bit computers and a television channel (REAL TV) as well as IT magazines such as PC Review, Computers, and GSM Review.



Wolfgang Kirsch has been the CEO of Shelly Europe since end-2021 and is primarily focused on the expansion of the European business. Prior to this, Mr. Kirsch had been active in the retail business for over 25 years. He held the position of Chief Operating Officer (COO) at the MediaMarktSaturn retail group. Following his job at MediaMarktSaturn, Mr. Kirsch worked as an external consultant of McKinsey & Company and of private equity companies and was involved in various projects related to the digital transformation of international conglomerates and midsize companies.

Shareholder structure

The shares of the Shelly Group are traded on the regulated market of the Frankfurt Stock Exchange. The share capital is divided in 17,999,999 ordinary shares. Board member Dimitar Dimitrov and co-founder Svetlin Todorov are the largest individual shareholders with a stake of around 30.3% and 29.4%. The stakes of the other shareholders are below the 3% threshold and are therefore included in the free float (40.3%).

Shareholder structure

Source: Company data

DCF Model

Figures in BGN m

| | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | Terminal Value |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Sales | 214.0 | 306.0 | 428.3 | 556.8 | 668.2 | 768.4 | 845.3 | 866.4 |
| Change yoy | 46.0% | 43.0% | 40.0% | 30.0% | 20.0% | 15.0% | 10.0% | 2.5% |
| EBIT | 54.8 | 77.3 | 107.1 | 139.2 | 167.0 | 192.1 | 211.3 | 216.6 |
| EBIT margin | 25.6% | 25.3% | 25.0% | 25.0% | 25.0% | 25.0% | 25.0% | 25.0% |
| NOPAT | 44.9 | 62.6 | 85.7 | 111.4 | 133.6 | 153.7 | 169.1 | 173.3 |
| Depreciation | 2.8 | 3.5 | 4.7 | 5.8 | 6.7 | 7.7 | 7.6 | 7.8 |
| in % of Sales | 1.3% | 1.2% | 1.1% | 1.1% | 1.0% | 1.0% | 0.9% | 0.9% |
| Change in Liquidity from | | | | | | | | |
| - Working Capital | -43.5 | -40.4 | -49.9 | -39.5 | -19.9 | -16.0 | -10.8 | -7.2 |
| - Capex | -3.0 | -3.9 | -4.9 | -6.4 | -7.4 | -7.7 | -7.6 | -7.8 |
| Capex in % of Sales | 1.4% | 1.3% | 1.2% | 1.2% | 1.1% | 1.0% | 0.9% | 0.9% |
| Other | | | | | | | | |
| Free Cash Flow (WACC model) | 1.2 | 21.8 | 35.6 | 71.3 | 113.4 | 138.1 | 158.6 | 166.2 |
| WACC | 9.1% | 9.1% | 9.1% | 9.1% | 9.1% | 9.1% | 9.1% | 9.1% |
| Present value | 1.2 | 19.4 | 29.0 | 53.3 | 77.7 | 86.7 | 91.2 | 1,322.2 |
| Total present value | 1.2 | 20.6 | 49.6 | 102.9 | 180.5 | 267.2 | 358.5 | 1,680.7 |

Valuation (in BGN m)

| | |
|---------------------------|----------------|
| Total present value (Tpv) | 1,680.7 |
| Terminal Value | 1,322.2 |
| Share of TV on Tpv | 79% |
| Liabilities | 4.1 |
| Liquidity | 30.8 |
| Equity value | 1,707.4 |

| | |
|------------------------------|--------------|
| Number of shares (in m) | 18.0 |
| Value per share (BGN) | 94.9 |
| +Upside / -Downside | 34% |
| Share price (BGN) | 70.60 |

Model parameter

| | |
|----------------|-------|
| Debt ratio | 25.0% |
| Costs of Debt | 7.0% |
| Market return | 9.0% |
| Risk free rate | 2.5% |

| | |
|-----------------|------|
| Beta | 1.2 |
| WACC | 9.1% |
| Terminal Growth | 2.5% |

Growth: sales and margin

| | | |
|-------------------------|-----------|-------|
| Short term sales growth | 2024-2027 | 37.5% |
| Mid term sales growth | 2024-2030 | 25.7% |
| Long term sales growth | from 2031 | 2.5% |
| Short term EBIT margin | 2024-2027 | 25.2% |
| Mid term EBIT margin | 2024-2030 | 25.1% |
| Long term EBIT margin | from 2031 | 25.0% |

Sensitivity Value per Share (BGN)

| WACC | 1.75% | 2.25% | 2.50% | 2.75% | 3.25% |
|--------------|--------------|--------------|--------------|--------------|---------------|
| 9.63% | 80.74 | 84.79 | 87.03 | 89.44 | 94.80 |
| 9.38% | 83.95 | 88.35 | 90.80 | 93.42 | 99.32 |
| 9.13% | 87.38 | 92.18 | 94.85 | 97.73 | 104.23 |
| 8.88% | 91.07 | 96.31 | 99.24 | 102.41 | 109.59 |
| 8.63% | 95.03 | 100.78 | 104.00 | 107.49 | 115.46 |

Terminal Growth

Sensitivity Value per Share (BGN)

| WACC | 24.50% | 24.75% | 25.00% | 25.25% | 25.50% |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 9.63% | 85.66 | 86.35 | 87.03 | 87.72 | 88.41 |
| 9.38% | 89.35 | 90.07 | 90.80 | 91.52 | 92.25 |
| 9.13% | 93.32 | 94.09 | 94.85 | 95.62 | 96.39 |
| 8.88% | 97.62 | 98.43 | 99.24 | 100.05 | 100.86 |
| 8.63% | 102.28 | 103.14 | 104.00 | 104.85 | 105.71 |

EBIT-margin from 2031e

Source: Montega

| P&L (in BGN m) Shelly Group AD | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|---|-------------|-------------|--------------|--------------|--------------|--------------|
| Sales | 59.5 | 93.2 | 146.5 | 214.0 | 306.0 | 428.3 |
| Cost of sales | 26.7 | 46.3 | 62.9 | 96.3 | 140.4 | 200.9 |
| Gross profit | 32.8 | 46.9 | 83.7 | 117.7 | 165.5 | 227.4 |
| Research and development | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Sales and marketing | 2.7 | 4.0 | 10.2 | 15.0 | 20.7 | 27.8 |
| General and administration | 12.2 | 20.4 | 27.3 | 39.2 | 55.4 | 76.2 |
| Other operating expenses | 0.7 | 1.2 | 6.5 | 9.6 | 13.5 | 18.0 |
| Other operating income | 1.5 | 1.0 | 0.9 | 0.9 | 1.2 | 1.7 |
| EBITDA | 19.8 | 21.3 | 39.3 | 57.6 | 80.8 | 111.8 |
| Depreciation on fixed assets | 0.5 | 0.3 | 0.7 | 1.1 | 1.2 | 1.6 |
| EBITA | 19.2 | 21.0 | 38.6 | 56.5 | 79.5 | 110.2 |
| Amortisation of intangible assets | 0.5 | 0.6 | 1.2 | 1.7 | 2.3 | 3.1 |
| Impairment charges and Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 18.7 | 20.4 | 37.4 | 54.8 | 77.3 | 107.1 |
| Financial result | 0.0 | -0.1 | 0.1 | -0.1 | -0.1 | 0.0 |
| Result from ordinary operations | 18.7 | 20.2 | 37.5 | 54.7 | 77.2 | 107.1 |
| Extraordinary result | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBT | 18.7 | 20.2 | 37.5 | 54.7 | 77.2 | 107.1 |
| Taxes | 2.8 | 2.8 | 4.6 | 9.8 | 14.7 | 21.4 |
| Net Profit of continued operations | 16.0 | 17.4 | 32.9 | 44.9 | 62.5 | 85.7 |
| Net Profit of discontinued operations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit before minorities | 16.0 | 17.4 | 32.9 | 44.9 | 62.5 | 85.7 |
| Minority interests | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit | 16.0 | 17.4 | 32.9 | 44.9 | 62.5 | 85.7 |

Source: Company (reported results), Montega (forecast)

| P&L (in % of Sales) Shelly Group AD | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Sales | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Cost of sales | 44.9% | 49.7% | 42.9% | 45.0% | 45.9% | 46.9% |
| Gross profit | 55.1% | 50.3% | 57.1% | 55.0% | 54.1% | 53.1% |
| Research and development | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Sales and marketing | 4.5% | 4.3% | 6.9% | 7.0% | 6.8% | 6.5% |
| General and administration | 20.5% | 21.9% | 18.7% | 18.3% | 18.1% | 17.8% |
| Other operating expenses | 1.2% | 1.3% | 4.4% | 4.5% | 4.4% | 4.2% |
| Other operating income | 2.5% | 1.1% | 0.6% | 0.4% | 0.4% | 0.4% |
| EBITDA | 33.2% | 22.9% | 26.8% | 26.9% | 26.4% | 26.1% |
| Depreciation on fixed assets | 0.9% | 0.4% | 0.5% | 0.5% | 0.4% | 0.4% |
| EBITA | 32.3% | 22.5% | 26.3% | 26.4% | 26.0% | 25.7% |
| Amortisation of intangible assets | 0.9% | 0.7% | 0.8% | 0.8% | 0.8% | 0.7% |
| Impairment charges and Amortisation of goodwill | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| EBIT | 31.4% | 21.9% | 25.5% | 25.6% | 25.3% | 25.0% |
| Financial result | 0.0% | -0.2% | 0.1% | 0.0% | 0.0% | 0.0% |
| Result from ordinary operations | 31.5% | 21.7% | 25.6% | 25.6% | 25.2% | 25.0% |
| Extraordinary result | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| EBT | 31.5% | 21.7% | 25.6% | 25.6% | 25.2% | 25.0% |
| Taxes | 4.6% | 3.0% | 3.1% | 4.6% | 4.8% | 5.0% |
| Net Profit of continued operations | 26.8% | 18.7% | 22.5% | 21.0% | 20.4% | 20.0% |
| Net Profit of discontinued operations | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Net profit before minorities | 26.8% | 18.7% | 22.5% | 21.0% | 20.4% | 20.0% |
| Minority interests | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Net profit | 26.8% | 18.7% | 22.5% | 21.0% | 20.4% | 20.0% |

Source: Company (reported results), Montega (forecast)

| Balance sheet (in BGN m) Shelly Group AD | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|---|-------------|-------------|--------------|--------------|--------------|--------------|
| ASSETS | | | | | | |
| Intangible assets | 3.4 | 4.7 | 11.5 | 12.1 | 12.9 | 13.7 |
| Property, plant & equipment | 4.8 | 4.7 | 5.4 | 4.9 | 4.5 | 4.0 |
| Financial assets | 2.7 | 1.2 | 0.4 | 0.4 | 0.4 | 0.4 |
| Fixed assets | 10.9 | 10.5 | 17.3 | 17.5 | 17.8 | 18.1 |
| Inventories | 7.6 | 23.0 | 18.3 | 32.9 | 40.8 | 50.4 |
| Accounts receivable | 19.2 | 22.7 | 52.6 | 82.1 | 117.4 | 161.9 |
| Liquid assets | 30.5 | 28.1 | 30.8 | 27.4 | 42.5 | 68.6 |
| Other assets | 4.3 | 4.5 | 8.7 | 8.7 | 8.7 | 8.7 |
| Current assets | 61.5 | 78.3 | 110.4 | 151.1 | 209.4 | 289.7 |
| Total assets | 72.4 | 88.8 | 127.7 | 168.6 | 227.2 | 307.7 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Shareholders' equity | 65.6 | 79.1 | 110.4 | 150.7 | 206.5 | 282.8 |
| Minority Interest | 0.0 | 0.0 | -0.8 | -0.8 | -0.8 | -0.8 |
| Provisions | 0.0 | 2.2 | 2.6 | 2.6 | 2.6 | 2.6 |
| Financial liabilities | 2.6 | 2.5 | 2.3 | 2.3 | 2.3 | 2.3 |
| Accounts payable | 1.5 | 1.9 | 4.1 | 4.7 | 7.5 | 11.7 |
| Other liabilities | 2.8 | 3.2 | 9.1 | 9.1 | 9.1 | 9.1 |
| Liabilities | 6.8 | 9.7 | 18.1 | 18.7 | 21.5 | 25.7 |
| Total liabilities and shareholders' equity | 72.4 | 88.8 | 127.7 | 168.6 | 227.2 | 307.7 |

Source: Company (reported results), Montega (forecast)

| Balance sheet (in %) Shelly Group AD | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| ASSETS | | | | | | |
| Intangible assets | 4.7% | 5.3% | 9.0% | 7.2% | 5.7% | 4.4% |
| Property, plant & equipment | 6.6% | 5.2% | 4.2% | 2.9% | 2.0% | 1.3% |
| Financial assets | 3.7% | 1.3% | 0.3% | 0.2% | 0.2% | 0.1% |
| Fixed assets | 15.0% | 11.8% | 13.5% | 10.4% | 7.9% | 5.9% |
| Inventories | 10.4% | 25.9% | 14.3% | 19.5% | 18.0% | 16.4% |
| Accounts receivable | 26.5% | 25.5% | 41.2% | 48.7% | 51.7% | 52.6% |
| Liquid assets | 42.2% | 31.7% | 24.1% | 16.3% | 18.7% | 22.3% |
| Other assets | 5.9% | 5.1% | 6.8% | 5.2% | 3.8% | 2.8% |
| Current assets | 85.0% | 88.2% | 86.5% | 89.6% | 92.2% | 94.1% |
| Total Assets | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Shareholders' equity | 90.6% | 89.0% | 86.4% | 89.4% | 90.9% | 91.9% |
| Minority Interest | 0.0% | 0.0% | -0.6% | -0.5% | -0.3% | -0.3% |
| Provisions | 0.0% | 2.4% | 2.0% | 1.5% | 1.1% | 0.8% |
| Financial liabilities | 3.6% | 2.8% | 1.8% | 1.3% | 1.0% | 0.7% |
| Accounts payable | 2.1% | 2.1% | 3.2% | 2.8% | 3.3% | 3.8% |
| Other liabilities | 3.8% | 3.6% | 7.1% | 5.4% | 4.0% | 3.0% |
| Total Liabilities | 9.4% | 11.0% | 14.2% | 11.1% | 9.4% | 8.3% |
| Total Liabilities and Shareholders' Equity | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Source: Company (reported results), Montega (forecast)

| Statement of cash flows (in BGN m) Shelly Group AD | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Net income | 16.0 | 17.4 | 32.9 | 44.9 | 62.5 | 85.7 |
| Depreciation of fixed assets | 0.5 | 0.3 | 0.7 | 1.1 | 1.2 | 1.6 |
| Amortisation of intangible assets | 0.5 | 0.6 | 1.2 | 1.7 | 2.3 | 3.1 |
| Increase/decrease in long-term provisions | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 |
| Other non-cash related payments | 0.0 | 0.0 | 1.7 | 0.0 | 0.0 | 0.0 |
| Cash flow | 17.0 | 18.4 | 37.0 | 47.6 | 66.0 | 90.4 |
| Increase / decrease in working capital | -8.9 | -18.1 | -22.0 | -43.5 | -40.4 | -49.9 |
| Cash flow from operating activities | 8.1 | 0.3 | 15.0 | 4.1 | 25.6 | 40.5 |
| CAPEX | -1.6 | -2.3 | -5.0 | -3.0 | -3.9 | -4.9 |
| Other | 2.1 | 2.8 | -3.1 | 0.0 | 0.0 | 0.0 |
| Cash flow from investing activities | 0.5 | 0.5 | -8.1 | -3.0 | -3.9 | -4.9 |
| Dividends paid | -3.4 | -1.8 | -4.5 | -4.5 | -6.7 | -9.4 |
| Change in financial liabilities | -0.5 | -0.6 | -0.2 | 0.0 | 0.0 | 0.0 |
| Other | -0.2 | -0.9 | 0.5 | 0.0 | 0.0 | 0.0 |
| Cash flow from financing activities | -4.1 | -3.3 | -4.2 | -4.5 | -6.7 | -9.4 |
| Effects of exchange rate changes on cash | 0.0 | 0.2 | -0.1 | 0.0 | 0.0 | 0.0 |
| Change in liquid funds | 4.5 | -2.6 | 2.7 | -3.4 | 15.0 | 26.2 |
| Liquid assets at end of period | 30.5 | 28.1 | 30.8 | 27.4 | 42.5 | 68.6 |

Source: Company (reported results), Montega (forecast)

| Key figures Shelly Group AD | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|-------------------------------|-------|-------|-------|---------|-------|-------|
| Earnings margins | | | | | | |
| Gross margin (%) | 55.1% | 50.3% | 57.1% | 55.0% | 54.1% | 53.1% |
| EBITDA margin (%) | 33.2% | 22.9% | 26.8% | 26.9% | 26.4% | 26.1% |
| EBIT margin (%) | 31.4% | 21.9% | 25.5% | 25.6% | 25.3% | 25.0% |
| EBT margin (%) | 31.5% | 21.7% | 25.6% | 25.6% | 25.2% | 25.0% |
| Net income margin (%) | 26.8% | 18.7% | 22.5% | 21.0% | 20.4% | 20.0% |
| Return on capital | | | | | | |
| ROCE (%) | 51.5% | 43.7% | 53.7% | 51.9% | 52.3% | 55.4% |
| ROE (%) | 28.1% | 26.6% | 41.6% | 40.9% | 41.7% | 41.6% |
| ROA (%) | 22.0% | 19.6% | 25.8% | 26.6% | 27.5% | 27.8% |
| Solvency | | | | | | |
| YE net debt (in BGN) | -28.0 | -23.5 | -25.9 | -22.6 | -37.6 | -63.8 |
| Net debt / EBITDA | -1.4 | -1.1 | -0.7 | -0.4 | -0.5 | -0.6 |
| Net gearing (Net debt/equity) | -0.4 | -0.3 | -0.2 | -0.2 | -0.2 | -0.2 |
| Cash Flow | | | | | | |
| Free cash flow (BGN m) | 6.5 | -2.0 | 7.0 | 1.1 | 21.8 | 35.6 |
| Capex / sales (%) | 2.7% | 2.5% | 3.4% | 1.4% | 1.3% | 1.2% |
| Working capital / sales (%) | 36.4% | 38.4% | 38.1% | 41.6% | 42.8% | 41.1% |
| Valuation | | | | | | |
| EV/Sales | 20.9 | 13.3 | 8.5 | 5.8 | 4.1 | 2.9 |
| EV/EBITDA | 62.8 | 58.2 | 31.6 | 21.6 | 15.4 | 11.1 |
| EV/EBIT | 66.4 | 61.0 | 33.2 | 22.7 | 16.1 | 11.6 |
| EV/FCF | 189.9 | - | 176.8 | 1,085.2 | 57.1 | 34.9 |
| PE | 79.3 | 72.8 | 38.6 | 28.4 | 20.3 | 14.8 |
| KBV | 19.4 | 16.1 | 11.5 | 8.4 | 6.2 | 4.5 |
| Dividend yield | 0.3% | 0.3% | 0.4% | 0.5% | 0.7% | 1.3% |

Source: Company (reported results), Montega (forecast)

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| Company | Disclosure (as of 11.07.2024) |
|-----------------|-------------------------------|
| Shelly Group AD | 1, 3, 5, 8, 9, 10 |

Price history

| Recommendation | Date | Price (BGN) | Price target (BGN) | Potential |
|------------------|------------|-------------|--------------------|-----------|
| Buy (Initiation) | 21.07.2022 | 17.90 | 28.00 | +56% |
| Buy | 17.08.2022 | 19.20 | 28.00 | +46% |
| Buy | 10.10.2022 | 17.00 | 28.00 | +65% |
| Buy | 16.11.2022 | 20.60 | 31.00 | +50% |
| Buy | 06.12.2022 | 20.80 | 31.00 | +49% |
| Buy | 18.01.2023 | 21.60 | 37.00 | +71% |
| Buy | 02.03.2023 | 22.80 | 38.00 | +67% |
| Buy | 24.03.2023 | 22.20 | 38.00 | +71% |
| Buy | 11.04.2023 | 22.60 | 42.00 | +86% |
| Buy | 28.04.2023 | 22.00 | 42.00 | +91% |
| Buy | 17.05.2023 | 22.90 | 52.00 | +127% |
| Buy | 22.06.2023 | 27.00 | 52.00 | +93% |
| Buy | 20.07.2023 | 27.90 | 52.00 | +86% |
| Buy | 08.08.2023 | 34.90 | 52.00 | +49% |
| Buy | 18.08.2023 | 35.50 | 52.00 | +46% |
| Buy | 07.09.2023 | 42.40 | 58.00 | +37% |
| Buy | 25.09.2023 | 42.90 | 58.00 | +35% |
| Buy | 20.10.2023 | 42.40 | 58.00 | +37% |
| Buy | 14.11.2023 | 41.50 | 58.00 | +40% |
| Buy | 08.12.2023 | 42.80 | 62.00 | +45% |
| Buy | 12.01.2024 | 51.00 | 62.00 | +22% |
| Buy | 29.02.2024 | 59.20 | 77.00 | +30% |
| Buy | 12.04.2024 | 67.40 | 77.00 | +14% |
| Buy | 15.05.2024 | 69.00 | 77.00 | +12% |
| Buy | 22.05.2024 | 72.80 | 82.00 | +13% |
| Buy | 19.06.2024 | 68.40 | 82.00 | +20% |
| Buy | 01.07.2024 | 69.80 | 82.00 | +17% |