



# 12M 2025 Earnings Call Open Questions

Shelly Group SE – Investor Relations

Financial Year 2025 | Published March 2026



---

## Dear Investors,

We are presenting this Q&A as part of our ongoing commitment to transparency, accountability, and open dialogue with our shareholders and the broader investment community. As the company continues to execute on its strategic priorities, we recognize the importance of providing clear, consistent, and meaningful insights into our performance, direction, and market environment.

This document addresses key topics raised by investors and reflects the Board of Directors' perspective on the company's development, governance, and long-term value creation. We remain confident in the resilience of our business model, the strength of our leadership team, and the opportunities ahead.

We appreciate your continued trust and support, and we remain dedicated to delivering sustainable growth and responsible stewardship of your investment.

Sincerely,

**Executive Management**

## Table of Contents

- 01 Why did receivables increase at year-end 2025?
- 02 Does the increase in receivables indicate a liquidity issue?
- 03 Why did working capital increase, and what does it mean for cash generation?
- 04 Operating cash flow grew year-on-year but did not keep pace with revenue growth – why?
- 05 Bank loans increased significantly in percentage terms – does this indicate increased financial leverage?
- 06 Some sources report a different current ratio – what is the correct figure and why do discrepancies exist?
- 07 Does Q4 revenue reflect genuine end-customer demand, or was it driven by distributor channel filling?
- 08 Why did the EUR 7.4 million MSP charge appear in FY2025 without a prior accrual?
- 09 What is the expected dilution from the MSP?
- 10 Directors' Dealings notifications showed share sales in late 2025 – do this signal a lack of insider confidence?
- 11 Is Shelly Tech (Slovenia) involved in sales or receivables factoring arrangements?
- 12 What governance standards do Shelly Group apply, and how are shareholder interests protected?
- 13 What do the underlying business metrics say about the health and trajectory of the business?

*Note: As the 2025 reporting period predates Bulgaria's Eurozone accession on January 2026, all figures are stated in both BGN and EUR at the fixed conversion rate of 1.95583 BGN/EUR.*

## 01 Why did receivables increase at year-end 2025?

The increase in trade receivables from **EUR 35.8 million** to **EUR 78.7 million** (BGN 70.1 million to BGN 153.9 million) reflects three distinct and explainable factors, each consistent with the Group's business model and growth trajectory.

**Seasonality.** Q4 is structurally the strongest quarter, driven by Black Friday and year-end demand. Higher shipment volumes to distribution partners toward period end – followed by collections in the subsequent quarter – are a recurring pattern consistent with prior years.

**Product launch timing.** Certain new product releases were shifted from late 2025 into early 2026, reflecting final certification and component readiness steps. This concentrated Q4 volumes in existing product lines, with correspondingly higher distributor shipments.

**Extended payment terms.** Payment terms with selected distribution partners were adjusted to support sell-through activity during the launch transition period. This was a deliberate commercial decision, not a sign of collection risk.

It is also worth noting that in H1 2025, cash increased and operating cash flow was positive – supported by active receivables management and lower inventory levels. The receivables build is a H2 phenomenon, directly linked to the factors above.

## 02 Does the increase in receivables indicate a liquidity issue?

No. The Group's balance sheet reflects a strong liquidity position. As of 31 December 2025, cash and cash equivalents stood at **EUR 13.6 million** (BGN 26.8 million), comfortably exceeding current bank loans of **EUR 3.4 million** (BGN 6.6 million). The Group is in a net cash position. The equity ratio stands at **78.5%**. The increase in receivables is a working capital timing effect, as set out in FAQ 1 (Receivables) above. It does not reflect any issue with the Group's ability to meet its obligations or fund its operations.

## 03 Why did working capital increase, and what does it mean for cash generation?

Working capital increased in FY2025, driven primarily by the rise in trade receivables as set out in FAQ 1 (Receivables) above. The other components of working capital moved in a favorable direction. Inventories decreased to **EUR 19.5 million** (BGN 38.1 million) from **EUR 23.3 million** (BGN 45.6 million), reflecting active inventory management and the shift toward a distribution-led sales model. Trade payables increased to **EUR 8.6 million** (BGN 16.9 million) from **EUR 5.0 million** (BGN 9.8 million), reflecting greater use of supplier credit terms. As collections normalize in H1 2026, working capital efficiency is expected to improve accordingly.

## 04 Operating cash flow grew year-on-year but did not keep pace with revenue growth – why?

Operating cash flow increased to **EUR 5.3 million** (BGN 10.4 million) in FY2025 from **EUR 2.8 million** (BGN 5.4 million) in FY2024. The year-on-year improvement reflects the underlying growth of the business. The gap between revenue growth of **40.3%** and operating cash flow growth is explained by the working capital timing effects set out in FAQ 1 (Receivables) and FAQ 3 (Working Capital). The receivables build in H2 2025 – driven by seasonality, product launch timing, and adjusted distributor payment terms – temporarily absorbed cash that would otherwise have converted into operating cash flow. H1 2025 demonstrated the Group's cash generation capacity, with positive operating cash flow supported by active receivables management and lower inventory levels. As receivables collections normalize in H1 2026, cash conversion is expected to improve accordingly.

## 05 Bank loans increased significantly in percentage terms – does this indicate increased financial leverage?

No. The increase in current bank loans from **EUR 0.4 million** (BGN 0.8 million) to **EUR 3.4 million** (BGN 6.6 million) is significant in percentage terms but small in absolute terms, and needs to be read in the context of the overall balance sheet. As of 31 December 2025, cash and cash equivalents of **EUR 13.6 million** (BGN 26.8 million) comfortably exceeded total current bank loans of **EUR 3.4 million** (BGN 6.6 million). The Group remains in a clear net cash position. The equity ratio stands at **78.5%**. The bank loans reflect standard working capital financing facilities and do not indicate any change in the Group's financial risk profile.

## 06 Some sources report a different current ratio – what is the correct figure and why do discrepancies exist?

Based on the consolidated financial statements as of 31 December 2025, current assets amounted to **EUR 116.8 million** (BGN 228.5 million) and current liabilities to **EUR 23.8 million** (BGN 46.5 million), corresponding to a current ratio of **4.9x**. This is a strong liquidity indicator by any standard. Discrepancies in reported ratios are most likely the result of two factors: the use of non-consolidated entity data rather than Group-level consolidated figures, or alternative definitions of current assets and liabilities applied by third-party data providers. Neither reflects the actual financial position of the Group. Investors should rely on the audited consolidated financial statements as the authoritative source.

## 07 Does Q4 revenue reflect genuine end-customer demand, or was it driven by distributor channel filling?

The evidence points clearly to genuine end-customer demand. Device activations in Q4 2025 increased by approximately **52%** compared to Q3 2025, consistent with seasonal patterns observed in prior years. Device activation data and continued growth in the Shelly Cloud user base confirm sell-through to end customers, not inventory accumulation in the channel. Q4 revenue reflects three concurrent factors. First, seasonality: Q4 is structurally the strongest quarter, driven by Black Friday and year-end demand. Second, the ongoing transition from direct Amazon sales to an indirect distribution model, which results in lower inventory at Amazon and higher inventory within the distribution channel – a planned structural shift, not a one-off effect. Third, product launch timing: certain new releases were shifted from late 2025 into early 2026, concentrating Q4 volumes in existing product lines with correspondingly higher distributor shipments. As a result of the product launch shift, revenue in H1 2026 is expected to be more moderate relative to the prior year period. This is a known and planned consequence of launch timing, not a change in underlying demand. A stronger revenue contribution is anticipated in H2 2026 as new products are introduced to the market.

The Company's guidance for FY2026 – revenue in the range of **EUR 195 million to EUR 205 million** – remains unchanged.

## 08 Why did the EUR 7.4 million MSP charge appear in FY2025 without a prior accrual?

The Management Share Program (MSP) covering the performance period 2022 to 2025 was approved by the General Meeting of Shareholders and disclosed in the audited annual reports for FY2023 and FY2024 under contingent and deferred remuneration. It is not a new program. No accrual was recognized in prior years for a specific accounting reason: under IFRS 2, the charge is recognized when the performance period ends and targets are assessed as achieved. The program explicitly required a General Meeting resolution after the end of the performance period before any shares could be issued. This is why the **EUR 7.4 million** (BGN 14.4 million) non-cash accounting charge appears in FY2025 – it reflects the conclusion of the performance period and the assessment that both financial and non-financial targets have been met. It does not represent a cash outflow. As the program period ended on 31 December 2025, results published thereafter do not influence the level of achievement under the Management Share Program. The shares are to be issued over multiple years, with annual dilution not expected to exceed approximately **1%**. This phased structure ensures that management incentives remain aligned with the continued growth of the Company and its market capitalization beyond the original performance period.

## 09 What is the expected dilution from the MSP?

Based on achieved targets, **712,200** shares were earned out of a maximum of 890,250, representing approximately **3.9%** of the current share count of 18,158,060 shares. The shares will be issued over multiple years. Annual dilution is not expected to exceed approximately **1%**, which is modest by market standards for a company of this growth profile. The MSP covered the performance period 2022 to 2025, during which the Company achieved significant revenue growth and expanded its market position. The phased issuance structure ensures that management remains incentivized beyond the original performance period, aligning their interests with those of continuing shareholders.

## 10 Directors' Dealings notifications showed share sales in late 2025 – do this signal a lack of insider confidence?

No. The primary signal of insider confidence is the founders' continued ownership of approximately **55%** of the Company. This concentration of founder ownership is a strong indicator of long-term alignment with shareholders. The Directors' Dealings notifications in November and December 2025 related to share sales by a former member of the management team following their departure from the Company, which had been previously communicated. These transactions reflect a personal liquidity decision by a departing individual and should not be interpreted as a signal regarding the Company's outlook or the confidence of current management. Board-related entities held approximately **4.6%** of the Company as of the end of 2025. The gradual increase in free float over time reflects the natural development of the shareholder base as the Company grows and broadens its investor reach.

## 11 Is Shelly Tech (Slovenia) involved in sales or receivables factoring arrangements?

No. Shelly Tech d.o.o. (Slovenia) is an engineering and product development subsidiary. Its activities are focused on software, firmware, and product development. It also generates a small amount of revenue from legacy activities, including a cruise ship solutions business, which is not significant at Group level. Shelly Tech is not involved in the commercial sale of Shelly products and has no receivables factoring arrangements. Factoring – the sale or transfer of receivables to a third party – is not part of the Group's financial structure. All trade receivables shown in the consolidated balance sheet represent amounts owed directly to Group entities by their customers. Commercial sales of Shelly products are conducted through Shelly Europe EOOD (Bulgaria) and the Group's other trading subsidiaries. The Group structure and intercompany relationships are disclosed in the notes to the audited consolidated financial statements.

## 12 What governance standards do Shelly Group apply, and how are shareholder interests protected?

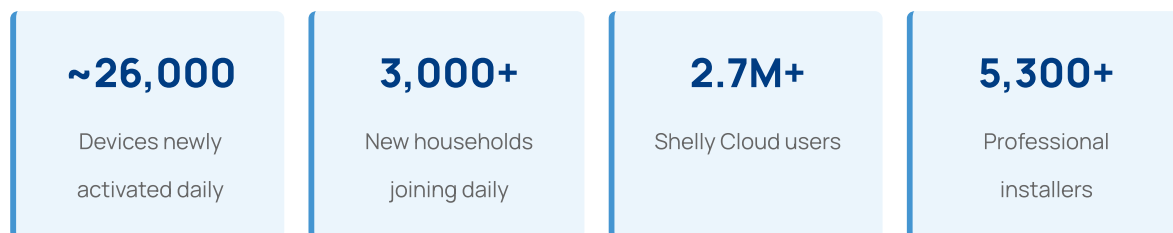
Shelly Group SE is listed on the Prime Standard of the Frankfurt Stock Exchange, which imposes the highest transparency and reporting obligations of any German exchange segment. These include quarterly reporting and continuous disclosure obligations under the EU Market Abuse Regulation (MAR), which apply directly and in full regardless of the Company's country of incorporation. The Company adopted the legal form of a European Company (SE) in December 2024, governed by the SE Regulation (EC 2157/2001) and Bulgarian company law as the lex societatis. The SE structure provides a recognized and regulated pan-European legal framework appropriate for a company with Shelly Group's operational footprint and growth ambitions. Key governance safeguards relevant to recent investor questions include the General Meeting approval requirement for the Management Share Program, as set out in FAQ 8 (MSP), and the mandatory disclosure of Directors' Dealings transactions under MAR, as set out in FAQ 10 (Insider Transactions). Both processes functioned as intended. Shelly Group SE has implemented a governance framework designed to meet the expectations of international institutional investors, including those applicable to Prime Standard-listed companies. While the Company operates under a single-tier board structure, it ensures effective oversight through a combination of independent board representation and specialized committees with clearly defined responsibilities.

12 (continued)

The governing body includes members with strong and complementary expertise across capital markets, finance, technology, and international operations. Independent representation is ensured through the inclusion of non-executive members with proven track records in listed companies and financial oversight, supporting objective supervision and strategic guidance. To reinforce financial integrity and transparency, the Company maintains a fully operational Audit Committee, appointed by the General Meeting of Shareholders and composed of experienced professionals, including a with auditing and tax experience. The Audit Committee oversees financial reporting, internal controls, risk management systems, and the external audit process, in line with EU regulatory requirements, international financial standards and best market practice. In addition, Shelly Group applies a remuneration framework aligned with long-term shareholder value creation, linking management incentives to sustainable growth, operational performance, and strategic milestones. This approach ensures alignment between executive management and investor interests, even in the absence of a formally separate remuneration committee. Overall, Shelly Group's governance model delivers a level of oversight, transparency, and accountability consistent with Prime Standard expectations, while maintaining the flexibility required for a high-growth technology company. The governing body includes members with strong and complementary expertise across capital markets, finance, technology, and international operations. Independent representation is ensured through the inclusion of non-executive members with proven track records in listed companies and financial oversight, supporting objective supervision and strategic guidance as shown at <https://corporate.shelly.com/corporate-governance/#>

## 13 What do the underlying business metrics say about the health and trajectory of the business?

The underlying business metrics point to a company in strong and broad-based growth. Revenue increased by **40.3%** year-on-year, with an adjusted EBIT margin above the mid-term target range – demonstrating that growth is being delivered profitably, not at the expense of margins. Key operating indicators as of year-end 2025 reflect genuine end-user adoption across all dimensions of the business. Approximately **26,000** devices are newly activated every day, and more than **3,000** new households join the Shelly ecosystem daily. The Shelly Cloud user base exceeded **2.7 million** at year-end 2025. The professional installer network has expanded to more than **5,300** members, reflecting growing penetration of the trade and professional installation channel, which is an important driver of recurring and scalable demand.



These metrics are particularly relevant in the context of the Q4 revenue discussion in FAQ 7 (Q4 Revenue). They confirm that distributor shipments in Q4 translated into genuine end-customer activation and adoption, not channel inventory accumulation. The Company's guidance for FY2026 – revenue in the range of EUR 195 million to EUR 205 million – remains unchanged.