

Conversion
of SHELLY GROUP PLC into an
european company (Societas Europaea, SE)
with the company name
SHELLY GROUP SE



CONTENTS

PART A

Conversion Plan

PART B

Draft of Statute of SHELLY GROUP SE (Annex to the Conversion Plan)

Part C

Conversion Report of the Board of Directors of SHELLY GROUP PLC

PART A

Conversion Plan

Translation for convenience – Only the original Bulgarian version is authoritative and binding.

CONVERSION PLAN

for the conversion of

SHELLY GROUP PLC

Sofia, Bulgaria

– hereinafter also referred to as "SHELLY GROUP PLC" –

into a Societas Europaea (SE)

– hereinafter also referred to as "SHELLY GROUP SE" –

Preamble

SHELLY GROUP PLC is a listed public limited-liability company ("*акционерно дружество*" in Bulgarian) under the Bulgarian law with its seat and registered office at 103 Cherni Vrah Blvd., Lozenets Region, Sofia Municipality, Sofia 1407, Bulgaria. It is registered with the Entry Agency - Commercial Register and Register of Non-Profit Legal Entities under UIC (unified identification code) 201047670.

As of today, the subscribed capital of SHELLY GROUP PLC amounts to BGN 18 105 559 (eighteen million one hundred five thousand five hundred fifty-nine), divided in 18 105 559 (eighteen million one hundred five thousand five hundred fifty-nine) dematerialized ordinary registered voting shares with nominal value of BGN 1 (one) for each share.

The General Meeting of Shareholders on 18 December 2023 has resolved that SHELLY GROUP PLC shall initiate a procedure for conversion by changing its legal-organizational form from a public limited-liability company with registered office in the Republic of Bulgaria into a European company with seat in the Republic of Bulgaria pursuant to Article 281 et seq. of the Commercial Act and Council Regulation (EC) No. 2157/2001 of 08 October 2001, on the Statute for a European company (SE). The General Meeting of Shareholders further instructed the Board of Directors of SHELLY GROUP PLC to carry out any and all legal and factual actions in order to prepare the conversion.

The Board of Directors of SHELLY GROUP PLC therefore prepared and presents the following conversion plan:

Section 1

Conversion of SHELLY GROUP PLC into SHELLY GROUP SE

1.1. SHELLY GROUP PLC is being converted into a European Company (Societas Europaea, SE) pursuant to Article 2, para. 4 in connection with Article 37 of Council Regulation (EC) No. 2157/2001 of 08 October 2001, on the Statute for a European company (SE) and Chapter Nineteenth of the Bulgarian Commerce Act.

1.2. For more than two years SHELLY GROUP PLC has had a subsidiary which is governed by the laws of another Member State of the EU, namely SHELLY DACH GmbH with its registered office at Lothstr. 5, 80335 Munich, Germany, registered in the German Register of Companies under Identification number HRB 271205, which was established by SHELLY GROUP PLC on 25 November 2021. The share capital of SHELLY DACH GmbH remains fully owned by SHELLY GROUP PLC since its establishment. The requirements for the conversion of SHELLY GROUP PLC into SHELLY GROUP SE pursuant to Article 2, para. 4 of Council Regulation (EC) No. 2157/2001 of 08 October 2001, on the Statute for a European company (SE) are thereby fulfilled.

1.3. The conversion of SHELLY GROUP PLC into an SE does neither lead to a winding up of the company nor to the formation of a new legal entity. The interests of the shareholders in the Company continue to exist unchanged because of the preservation of the identity of the legal entity.

1.4. The change of the legal form from a public limited-liability company into a European Company demonstrates also externally the self-conception of SHELLY GROUP PLC as a company with a European and global orientation.

Section 2

Effectiveness of the conversion

The conversion becomes effective upon its registration in the Entry Agency - Commercial Register and Register of Non-Profit Legal Entities.

Section 3

Basic Data of SHELLY GROUP SE

3.1. The company name of the SE shall remain "SHELLY GROUP " and the full company name shall be changed to "SHELLY GROUP SE" accordingly.

3.2. The seat of the company remains in Sofia, Republic of Bulgaria. The registered office of SHELLY GROUP SE is located at 53 Cherni Vrah Blvd., Building 3, Lozenets Region, Sofia Municipality, Sofia 1407, Bulgaria. This is also the place of its head office.

3.3. SHELLY GROUP SE preserves the same unified identification code in the Entry Agency - Commercial Register and Register of Non-Profit Legal Entities, precisely: 201047670.

3.4. The scope of business activities of SHELLY GROUP SE corresponds to the scope of business activities of SHELLY GROUP PLC and includes: acquisition, management, evaluation and sale of 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 the Company participates; purchase of goods and other items for resale in the original, transformed or processed form; sale of goods from its own production; foreign trade transactions; commissions, forwarding, warehousing and leasing transactions; transport transactions in the country and abroad; transactions of commercial representation and mediation of local and foreign individuals and legal entities; consultancy 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.

3.5. The entire subscribed capital of SHELLY GROUP PLC in the amount existing at the point in time of the registration of the conversion in the commercial register becomes the subscribed capital of SHELLY GROUP SE. The persons who are shareholders of SHELLY GROUP PLC at the point in time of the registration of the conversion in the Entry Agency - Commercial Register and Register of Non-Profit Legal Entities remain shareholders of SHELLY GROUP SE to the same extent and with the same number of shares in the subscribed capital of SHELLY GROUP SE corresponding to their participation in the subscribed capital of SHELLY GROUP PLC immediately prior to the conversion becoming effective.

3.6. The statute of SHELLY GROUP SE is enclosed to and constitutes an integral part of this conversion plan.

Section 4

Board of Directors

4.1. SHELLY GROUP SE shall have one-tier management system. The current members of the Board of Directors of SHELLY GROUP PLC shall be reappointed as members of the Board of Directors of SHELLY GROUP SE.

4.2. The term of office of the members of the Board of Directors corresponds to their term of office as members of the Board of Directors of SHELLY GROUP PLC prior to the conversion and shall end on 5 January 2026.

4.3. The remunerations of the members of the Board of Directors remain in the same (current) amount. Also, the Scheme for Providing the Executive Members of the Board of Directors with Remuneration in Shares, adopted in implementation of the Remuneration Policy of SHELLY GROUP PLC remains effective with respect to members of the Board of Directors after their reappointment. The conversion does not affect the achieved results, expired terms or other facts that are relevant to the scheme and have occurred before the conversion.

Section 5

Information on the procedure for arrangements for employee involvement

5.1. In the course of the conversion into an SE a procedure for the involvement of the employees at SHELLY GROUP SE and concerned subsidiaries is to be conducted pursuant to Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European company and Bulgarian Act of Information and Consultation of the Workers and Employees in Multinational Enterprises, Groups of Enterprises and European Companies. For this purpose, a special negotiating body within the meaning of Council Directive 2001/86/EC of 8 October 2001 will be established and will include representatives of the employees of SHELLY GROUP PLC, its subsidiaries and their establishments within the EU. Considering the legal gaps that exist, the Rules of Procedure for the Establishment of a Special Negotiating Body, adopted by the Board of Directors of SHELLY GROUP PLC, also apply to the procedure.

5.2. There are no established trade union organizations or other representatives of the employees neither in SHELLY GROUP PLC, nor in any of its subsidiaries. Due to this reason, the information required pursuant to Article 3 of Council Directive 2001/86/EC of 8 October 2001 shall be provided directly to the employees in the form of an Informational Document prepared by the Board of Directors of SHELLY GROUP PLC. Additional information related to the applicable procedures shall also be provided to the employees.

5.3. Currently, the employees in SHELLY GROUP PLC and in its subsidiaries does not have any participation rights by the meaning of §1, item 20 of the Supplementary Provisions of the Bulgarian Act of Information and Consultation of the Workers and Employees in Multinational Enterprises, Groups of Enterprises and European Companies. Also, the employees do not enjoy information or consultation rights, apart from these provided to them by virtue of the national legislation applicable in the respective Member State. Given the above, the provisions protecting the participation rights acquired by the employees do not apply.

5.4. The seats in the special negotiating body will be allocated pursuant to the requirements of Article 3 of Council Directive 2001/86/EC of 8 October 2001. The special negotiating body will be established pursuant to the procedure provided with the Rules of Procedure for the Establishment of a Special Negotiating Body.

5.5. The necessary costs arising from the establishment and operation of the special negotiating body will be borne by SHELLY GROUP PLC.

Section 6

Other consequences of the conversion for the employees and their representative bodies

6.1. The employment contracts of the employees of SHELLY GROUP PLC as well as the employment contracts of the employees of the respective group companies are not affected by the conversion. This also applies to the opportunity to receive remuneration in the form of shares of the company's capital.

6.2. Further, there are no other measures intended or planned as a consequence of the conversion which would affect the situation of the employees.

Section 7


Announcement of the Conversion Plan

7.1. This Conversion Plan shall be published in the Entry Agency - Commercial Register and Register of Non-Profit Legal Entities, pursuant to Article 264b of the Bulgarian Commerce Act.

7.2. The provision of Article 37, para. 2 of Council Regulation (EC) No. 2157/2001 of 08 October 2001, on the Statute for a European company (SE) excludes the application of the provisions of Article 264a, para. 2, items 2-6 of the Bulgarian Commerce Act.

Sofia,
23.07.2024

For SHELLY GROUP PLC:



Mr. Dimitar Stoyanov Dimitrov
Chief Executive Director

PART B

Draft of Statute of SHELLY GROUP SE (Annex to the Conversion Plan)

Draft of Statute of SHELLY GROUP SE (Annex to the Conversion Plan)



STATUTE

of

SHELLY GROUP SE

effective as of: [*],[*].2024 r.

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TABLE OF CONTENTS

SECTION I. GENERAL PROVISIONS	4
ARTICLE 1. LEGAL STATUS	4
ARTICLE 2. COMPANY NAME	4
ARTICLE 3. SEAT AND REGISTERED ADDRESS OF MANAGEMENT	4
ARTICLE 4. SCOPE OF BUSINESS ACTIVITIES	4
ARTICLE 5. COMPANY TERM	5
SECTION II. CAPITAL. CONTRIBUTIONS. SHARES	5
ARTICLE 6. CAPITAL	5
ARTICLE 7. CAPITAL INCREASE	5
ARTICLE 8. CAPITAL REDUCTION	7
ARTICLE 9. CONTRIBUTIONS	8
ARTICLE 10. SHARES	12
ARTICLE 11. SHAREHOLDERS	12
ARTICLE 12. INFORMATION RIGHTS	12
ARTICLE 13. MINORITY RIGHTS	13
ARTICLE 14. TRANSFER OF SHARES	13
ARTICLE 15. ACQUISITION OF OWN SHARES	13
SECTION III. COMPANY MANAGEMENT BODIES	14
ARTICLE 16. COMPANY BODIES	14
ARTICLE 17. COMPOSITION OF THE GENERAL MEETING OF SHAREHOLDERS	14
ARTICLE 18. PARTICIPATION THROUGH A PROXY	15
ARTICLE 19. COMPETENCE OF THE GENERAL MEETING OF SHAREHOLDERS	15
ARTICLE 20. CONVENING OF THE GENERAL MEETING	16
ARTICLE 21. QUORUM	17
ARTICLE 22. MAJORITY	17
ARTICLE 23. ATTENDANCE LIST	18
ARTICLE 24. MINUTES OF THE GENERAL MEETING	18
ARTICLE 25. BOARD OF DIRECTORS	18
ARTICLE 26. COMPOSITION OF THE BOARD OF DIRECTORS	18
ARTICLE 27. DUTIES OF THE MEMBERS OF THE BOARD OF DIRECTORS	19
ARTICLE 28. POWERS OF THE BOARD OF DIRECTORS	20
ARTICLE 29. MEETINGS OF THE BOARD OF DIRECTORS	21
ARTICLE 30. RESOLUTIONS OF THE BOARD OF DIRECTORS	22
ARTICLE 31. LIABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS	23
ARTICLE 32. EXECUTIVE DIRECTOR	23
ARTICLE 33. PROCURATOR	23
ARTICLE 34. INVESTOR RELATIONS DIRECTOR	23
ARTICLE 35. ADVISORY BOARD	24
ARTICLE 36. CONFLICT OF INTERESTS	25
SECTION IV. FUNDS. PROFIT DISTRIBUTION AND ACCOUNTING	26
ARTICLE 37. BUSINESS YEAR	26
ARTICLE 38. MONETARY FUNDS	26
ARTICLE 39. DIVIDENDS	26

This document is translated from Bulgarian and provided for information purposes. In case of discrepancies between the version in Bulgarian and in English, the Bulgarian version shall prevail.

Draft of Statute of SHELLY GROUP SE (Annex to the Conversion Plan)

SECTION V. TERMINATION OF THE COMPANY AND LIQUIDATION	27
ARTICLE 40. GROUNDS FOR DISSOLUTION.....	27
ARTICLE 41. LIQUIDATION.....	27
SECTION VI. MISCELLANEOUS	27
ARTICLE 42. APPLICABLE LAW.....	27
ARTICLE 43. TRANSITIONAL AND FINAL PROVISIONS.....	28

This document is translated from Bulgarian and provided for information purposes. In case of discrepancies between the version in Bulgarian and in English, the Bulgarian version shall prevail.

Section I. GENERAL PROVISIONS

Article 1. Legal Status

- (1) SHELLY GROUP SE, hereinafter referred to in the Statute as the "**Company**", is a European Company (Societas Europaea) pursuant to Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE), developing independent business activity.
- (2) The Company is an independent legal entity by the meaning of the laws of the Republic of Bulgaria, with its own seal and bank accounts.
- (3) The Company shall be responsible for its liabilities with its own property. It is not responsible for the liabilities of the shareholders, nor are the shareholders responsible for the liabilities of the Company.

Article 2. Company Name

- (1) The company name of the Company is Европейско дружество "ШЕЛЛИ ГРУП" (Societas Europaea SHELLY GROUP). It may be abbreviated as "ШЕЛЛИ ГРУП ЕД", as well as in Latin as SHELLY GROUP SE.

Article 3. Seat and Registered Address of Management

- (1) The seat of the Company is in Sofia, Republic of Bulgaria.
- (2) The registered address of management of the Company is: 53 Cherni Vrah Blvd., Building 3, Loznets Region, Sofia Municipality, Sofia 1407, Republic of Bulgaria.
- (3) The Company has the right to move its seat and registered address of management in another Member State of the European Union, pursuant to Article 8 of Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE).

Article 4. Scope of Business Activities

The company has the following scope of business activities: acquisition, management, evaluation and sale of 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 the Company participates; purchase of goods and other items for resale in the original, transformed or processed form; sale of goods from its own production; foreign trade transactions; commissions, forwarding, warehousing and leasing transactions; transport transactions in the country and abroad; transactions of commercial representation and mediation of local and foreign individuals and legal entities; consultancy 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.

Article 5. Company Term

The company is established for an indefinite period of time and its existence is not limited by other modalities.

Section II. CAPITAL. CONTRIBUTIONS. SHARES

Article 6. Capital

- (1) The issued, subscribed, paid-in and registered capital of the Company amounts to BGN 18 105 559 (eighteen million one hundred and five thousand five hundred and fifty-nine), divided in 18 105 559 (eighteen million one hundred and five thousand five hundred and fifty-nine) dematerialized ordinary registered voting shares with nominal value of BGN 1 (one) for each share.
- (2) The subscribed capital of the Company is provided by way of conversion of SHELLY GROUP PLC into a European company (SE).

Article 7. Capital Increase

- (1) The capital of the Company may be increased by:
 - (i) issue of new shares;
 - (ii) conversion of bonds issued as convertible into shares;
 - (iii) exercising rights to subscription of new shares on the basis of issued warrants, which give the right to subscribe for new shares from the capital of the Company;
 - (iv) conversion of part of the profit into equity.
- (2) The increase of the capital of the Company shall be conducted following the resolution of the General Meeting of Shareholders passed with the majority provided for in this Statute, save for the cases where another procedure is provided herein and/or in the applicable laws.
- (3) In case of increase of the capital, each shareholder shall have the right to acquire shares pro rata to the shares of the capital held before the increase, unless the capital increase is conditional.
- (4) Right to participate in the increase of the capital shall have persons who have acquired shares or warrants at latest 5 business days following the date the announcement for public offering has been published.
- (5) In case of increase of the capital through the issue of new shares, rights within the meaning of §1, item 3 of the Bulgarian Public Offering of Securities Act shall be issued whereas one right is issued against each existing share. This rule shall apply accordingly where warrants or convertible bonds are issued and shall not apply in the case of capital increase, in which only members of the Board of Directors and/or employees of the Company are entitled to participate in compliance with the restrictions that apply by virtue of the applicable Bulgarian laws.
- (6) In case of a capital increase, the issue price of the new shares must be paid in full, except in the case of a capital increase by conversion of convertible bonds into shares or a part of the profit into equity.

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Draft of Statute of SHELLY GROUP SE (Annex to the Conversion Plan)

- (7) In case of a capital increase by conversion of a part of the profit into equity, the new shares shall be distributed among the shareholders, including the Company, when it holds treasury shares pro rata to their participation in the capital before the increase.
- (8) A conditional capital increase by the meaning of the applicable law, is admissible, where necessary for the purpose of merger, commercial offering for shares exchange or of enabling holders of warrants or convertible bonds to exercise their rights.
- (9) Up to five years as of the effective date of this Statute, the Board of Directors shall be entitled to resolve on the increase of the capital of the company through any of the methods provided in para. 1, except through conversion of part of the profits into equity, until reaching a total nominal value of BGN 25,000,000 (twenty-five million) by issuing and public offering of new dematerialized ordinary registered shares with the right of one vote, with a nominal value of BGN 1 (one) each and an issue price per share, specified by an express resolution of the Board of Directors of the Company.

No express delegation by the General Meeting of Shareholders on a case-by-case basis shall be necessary for exercising of the powers provided herein to the Board of Directors to increase the capital pursuant to Article 196, para. 1 of the Bulgarian Commerce Act. Within the limits set out herein above, the Board of Directors shall also have the power to resolve on the issuance of warrants and convertible bonds, in such case the rules of this provision shall apply accordingly.

In the resolution for issuance of the respective type of securities for the purposes of capital increase by one of the methods under para. 1 above, the Board of Directors shall specify:

- (i) the size and purpose of each increase;
 - (ii) the number and type of the new shares, which are to be issued as a result of the capital increase, including the rights and privileges incorporated therein;
 - (iii) the terms and conditions for transfer and exercise of the rights by the meaning of §1, item 3 of the Bulgarian Public Offering of Securities Act, issued against the existing shares;
 - (iv) the parameters of an issue of warrants or convertible bonds, including issue price, terms and conditions for their subscription and payment, as well as the conditions for their conversion and the exercise of the rights under them, to the extent applicable;
 - (v) the terms and conditions for subscription of the new shares, including the issue price, the term, and the conditions for its payment depending on the choice of method for capital increase in accordance with para. 1 hereof;
 - (vi) the investment broker appointed to conduct the subscription;
 - (vii) all other parameters and circumstances required according to the provisions of the Bulgarian laws then in force that are necessary for the respective capital increase.
- (10) In case of increase of the capital of the Company in accordance with the preceding paragraph, the Board of Directors shall be empowered:
 - (i) to prepare a prospectus for public offering of the shares of the capital increase of the Company together with the appointed investment broker;
 - (ii) to adopt the respective amendments of the Statute of the Company, insofar as such are required, in relation to the implementation of the capital increase resolution;

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Draft of Statute of SHELLY GROUP SE (Annex to the Conversion Plan)

- (iii) to prepare an update of the Statute, as of the date of the Board of Directors' resolution for amendment of the Statute, in accordance with the preceding sentence, and to publish the Statute in the Registry Agency- Commercial Register and Register of Non-Profit Legal Entities
- (iv) to apply for registration of the capital increase before the Registry Agency- Commercial Register and Register of Non-Profit Legal Entities;
- (v) to apply for registration of the issue of shares in the register under Article 30, para. 1, item 3 of the Financial Supervision Commission Act,
- (vi) to apply for registration of the issue in the central securities register;
- (vii) to apply for admission of the issue to trading on each regulated market to which issue of the same class has been admitted to trading;
- (viii) to perform any and all legal and factual actions in connection with the capital increase, which in its out discretion consider as necessary and/or appropriate.

Where warrants or convertible bonds are issued, in addition to the powers above, which shall apply accordingly, the Board of Directors shall also have the following powers:

- (ix) to resolve on issuance of warrants or convertible bonds, within the delegation under para. 9 herein;
 - (x) to resolve on conditional capital increase pursuant to the provisions of the Bulgarian laws then in force and this Statute in order to ensure the rights of the owners of warrants or convertible bonds;
- (11) The capital may be increased for the purposes of granting shares from the Company's capital to employees of the Company and the companies of its economical group pursuant to Article 112, para. 3 et seq. of the Bulgarian Public Offering of Securities Act, as well as for the purposes of granting shares to the executive members of the Board of Directors in accordance with the Remuneration Policy and the Scheme for Granting Variable Remuneration to the Executive Members of the Board of Directors in the Form of Shares of the Capital of the Company adopted by the General Meeting of Shareholders, only by resolution of the General Meeting of Shareholders.
- (12) In the event of a capital increase under the preceding paragraph in which members of the Board of Directors are entitled to participate, those of them who are shareholders with voting rights may not exercise their voting rights when the General Meeting of Shareholders resolves on the increase.

Article 8. Capital Reduction

The capital of the Company may be reduced by decision of the General Meeting of Shareholders by:

- (i) reduction of the nominal value of the shares;
- (ii) cancellation of shares under the conditions of the applicable Bulgarian laws.

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Article 9. Contributions

- (1) Each person who has subscribed one or more shares of the capital of the Company within a capital increase procedure shall be obliged to pay their issue price to the Company's account within the term and under the conditions applicable to the specific increase.
- (2) The capital of the Company subscribed by the shareholders has been paid in full as follows:

(i) First issue:

The amount of BGN 50,000 (fifty thousand) represents a non-monetary contribution made by Dimitar Stoyanov Dimitrov, PIN (personal identification number) [GDPR] and Svetlin Iliev Todorov, PIN (personal identification number) [GDPR]. Subject of the non-monetary contribution are shares, with monetary valuation, prepared in accordance with Experts Appointment Act No. 20091123180820 / 24.11.2009 issued by the Registry Agency- Commercial Register pursuant to Article 72, para. 2 of the Bulgarian Commerce Act, in total amount of BGN 50,000 (fifty thousand) as follows:

- Dimitar Stoyanov Dimitrov, PIN (personal identification number) [GDPR], has made a non-monetary contribution amounting to BGN 25,000 (twenty-five thousand) with subject 25,000 (twenty-five thousand) ordinary registered voting shares with nominal value of BGN 1 (one) for each share of the capital of TERA VOICE AD (a public limited-liability company, organised and existing under the laws of Bulgaria, registered with the Commercial Register at the Registry Agency, UIC 200724639, having its seat and registered address of management at 5A Nikola Petkov Blvd. Cantek Business Building, floor 4, Vitosha Region, Sofia, Bulgaria. According to the monetary valuation made in accordance with Article 72, para. 2 of the Bulgarian Commerce Act, the total amount of the non-monetary contribution, made by Dimitar Stoyanov Dimitrov, PIN (personal identification number) [GDPR], is BGN 25,000; and
- Svetlin Iliev Todorov, PIN (personal identification number) [GDPR], has made a non-monetary contribution amounting to BGN 25,000 (twenty-five thousand) with subject 25,000 (twenty-five thousand) ordinary registered voting shares with nominal value of BGN 1 (one) for each share of the capital of TERA VOICE AD (a public limited-liability company, organised and existing under the laws of Bulgaria, registered with the Commercial Register at the Registry Agency, UIC 200724639, having its seat and registered address of management at 5A Nikola Petkov Blvd. Cantek Business Building, floor 4, Vitosha Region, Sofia, Bulgaria. According to the monetary valuation made in accordance with Article 72, para. 2 of the Bulgarian Commerce Act, the total amount of the non-monetary contribution, made by Svetlin Iliev Todorov, PIN (personal identification number) [GDPR] is BGN 25,000;

(ii) Second issue:

the amount of 5,438,000 (five million four hundred and thirty-eight thousand) represents a non-monetary contribution made by Dimitar Stoyanov Dimitrov, PIN (personal identification number) [GDPR] and Svetlin Iliev Todorov, PIN (personal identification number) [GDPR]. Subject of the non-monetary contribution are shares, with monetary valuation, prepared in accordance with Act of Appointment of Experts No. 20100325163625 / 26.03.2010, issued by the Registry Agency - Commercial Register, pursuant to Article 72, para. 2 of the Commercial Act, in total amount of BGN 5 438 000 (five million four hundred and thirty-eight thousand), as follows:

Draft of Statute of SHELLY GROUP SE (Annex to the Conversion Plan)

- Dimitar Stoyanov Dimitrov, PIN (personal identification number) [GDPR], has made a non-monetary contribution amounting to BGN 2,719,000 (two million seven hundred and nineteen thousand), with subject 1,500 (one thousand and five hundred) ordinary registered voting shares of the capital of TERA COMMUNICATIONS AD, with UIC 131384920, having its seat and registered address of management at 113A Tsarigradsko Shose Blvd., Mladost Region, Sofia 1784, Bulgaria, with nominal value of BGN 10 (ten) each, with numbers from 0001 to 1500, issue No. 2/01.03.2010 in accordance with Temporary Certificate No. 1/01.03.2010, the value of which according to the Experts' Conclusion made pursuant to Article 72, para. 2 of the Commercial Act amounts in total to BGN 2,719,000 (two million seven hundred and nineteen thousand);
- Svetlin Iliev Todorov with PIN (personal identification number) [GDPR] has made a non-monetary contribution amounting to BGN 2,719,000 (two million seven hundred and nineteen thousand), with subject 1,500 (one thousand and five hundred) ordinary registered voting shares of the capital of TERA COMMUNICATIONS AD, with UIC 131384920, having its seat and registered address of management at 113A Tsarigradsko Shose Blvd., Mladost Region, Sofia 1784, Bulgaria with nominal value of BGN 10 (ten) each, with numbers from 1501 to 3000, issue No. 2/01.03.2010 in accordance with Temporary Certificate No. 2/01.03.2010, the value of which according to the Experts' Conclusion made pursuant to Article 72, para. 2 of the Bulgarian Commerce Act amounts in total to BGN 2,719,000 (two million seven hundred and nineteen thousand);

(iii) Third issue:

Against the issued 8,012,000 (eight million and twelve thousand) ordinary registered shares issued with the right to vote, contributions have been made as follows:

- Against the subscribed 3,198,250 (three million one hundred and ninety-eight thousand two hundred and fifty) ordinary registered voting shares with nominal value of BGN 1 (one) each, the contributor Dimitar Stoyanov Dimitrov with PIN (personal identification number) [GDPR] has made a non-monetary contribution of 333 (three hundred and thirty-three) registered shares of the capital of ALLTERCO PTE LTD., a company organised and existing under the Singapore laws, registered under No. 200821332D, having its seat and registered address of management at 45A Temple Street, Singapore 058590, each with nominal value of SGD 1 (one Singapore dollar), representing 33.3% of the capital of ALLTERCO PTE LTD., which value according to Experts' Conclusion made pursuant to Article 72, para. 2 of the Bulgarian Commerce Act under Experts Appointment Act No. 20151112140958 /13.11.2015 amounts to BGN 3,437,329 (three million four hundred and thirty-seven thousand three hundred and twenty-nine);
- Against the subscribed 3,198,250 (three million one hundred and ninety-eight thousand two hundred and fifty) ordinary registered voting shares with nominal value of BGN 1 (one) each, the contributor Svetlin Iliev Todorov with PIN (personal identification number) [GDPR] has made a non-monetary contribution of 333 (three hundred and thirty-three) registered shares of the capital of ALLTERCO PTE LTD., a company organised and existing under the Singapore laws, registered under No. 200821332D, having its seat and registered address of management at 45A Temple Street, Singapore 058590, each with nominal value of SGD 1 (one Singapore dollar), representing 33.3% of the capital of ALLTERCO PTE LTD., which value according to Experts'

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Draft of Statute of SHELLY GROUP SE (Annex to the Conversion Plan)

Conclusion made pursuant to Article 72, para. 2 of the Bulgarian Commerce Act under Experts Appointment Act No. 20151112140958 /13.11.2015 amounts to BGN 3,437,329 (three million four hundred and thirty-seven thousand three hundred and twenty-nine);

- Against the subscribed 1,120,500 (one million one hundred and twenty thousand five hundred) ordinary registered voting shares with nominal value of BGN 1 (one) each, the contributor Victor Georgiev Atanasov with PIN (personal identification number) [GDPR] has made a non-monetary contribution of claims against ALLTERCO AD, a public limited-liability company (*акционерно дружество*) organised and existing under the laws of the Republic of Bulgaria, having its seat and registered address of management at 81 Nikola Petkov Blvd., floor 4, Ovcha Kupel Region, Sofia 1614, Bulgaria, registered with the Registry Agency- Commercial Register under UIC 201047670, in the amount of BGN 1,120,500 (one million one hundred and twenty thousand five hundred) representing the price of shares of the capital of ALLTERCO PTE LTD., a company organised and existing under the Singapore laws, registered under No. 200821332D, having its seat and registered address of management at 45A Temple Street, Singapore 058590 according to a Share Transfer Agreement entered into between the parties, dated 05.08.2015, which value according to Experts' Conclusion made pursuant to Article 72, para. 2 of the Bulgarian Commerce Act under Experts Appointment Act No. 20151112140958/13.11.2015 amounts to BGN 1,120,500 (one million one hundred and twenty thousand five hundred);
- Against the subscribed 225,000 (two hundred and twenty-five thousand) ordinary registered voting shares with nominal value of BGN 1 (one) each, the contributor Krasimir Emanuilov Rabin, with PIN (personal identification number) [GDPR] has made a non-monetary contribution of claims against ALLTERCO AD, a public limited-liability company (*акционерно дружество*) organised and existing under the laws of the Republic of Bulgaria, having its seat and registered address of management at 81 Nikola Petkov Blvd., floor 4, Ovcha Kupel Region, Sofia 1614, Bulgaria, registered with the Registry Agency- Commercial Register under UIC 201047670, in the amount of BGN 353,000 (three hundred and fifty-three thousand) representing the price of shares of the capital of TERA COMMUNICATIONS AD, a public limited-liability company (*акционерно дружество*), organised and existing under the laws of the Republic of Bulgaria, having its seat and registered address of management at 113A Tsarigradsko Shose Blvd., Mladost Region, Sofia 1784, Bulgaria registered with the Registry Agency – Commercial register under UIC 131384920 according to Article 2, lit. "a" of Share Transfer Agreement entered into between the parties, dated 02.11.2015, which value according to Experts' Conclusion made pursuant to Article 72, para. 2 of the Bulgarian Commerce Act under Experts Appointment Act No. 20151112140958/13.11.2015 amounts to BGN 353,000 (three hundred and fifty-three thousand);
- Against the subscribed 135,000 (one hundred and thirty-five thousand) ordinary registered voting shares with nominal value of BGN 1 (one) each, the contributor IMPETUS CAPITAL OOD., a private limited-liability company (*дружество с ограничена отговорност*), organised and existing under the laws of the Republic of Bulgaria, having its seat and registered address of management at Mladost 1 residential area, bl. 29A, entr. A, floor 8. ap. 38, Mladost Region, Sofia 1784, Bulgaria, registered with the Registry Agency- Commercial Register under UIC 203592737 has made a non-monetary contribution of claims against ALLTERCO AD, a public limited-liability company (*акционерно дружество*) organised and existing under the laws of the Republic of Bulgaria, having its seat and registered address of management at 81 Nikola

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Draft of Statute of SHELLY GROUP SE (Annex to the Conversion Plan)

Petkov Blvd., floor 4, Ovcha Kupel Region, Sofia 1614, Bulgaria, registered with the Registry Agency- Commercial Register under UIC 201047670, consisting of a principal amounting to BGN 195,583 (one hundred and ninety-five thousand five hundred and eighty-three) and a contractual interest, according to Loan Agreement entered into between the parties on 30.10.2015, which value according to Experts' Conclusion made pursuant to Article 72, para. 2 of the Bulgarian Commerce Act under Experts Appointment Act No.20151112140958/13.11.2015 amounts to BGN 196,419 (one hundred and ninety-six thousand four hundred and nineteen);

- Against the subscribed 135,000 (one hundred and thirty-five thousand) ordinary registered voting shares with nominal value of BGN 1 (one) each, Svetozar Gospodinov Iliev, with PIN (personal identification number) [GDPR] has made a monetary contribution of BGN 135,000 (one hundred and thirty-five thousand);

(iv) Fourth issue:

Against the subscribed 1,500,000 (one million five hundred thousand) dematerialized ordinary registered voting shares with nominal value of BGN one each, individual payments have been made in a procedure for initial public offering of a share issue, held between 20.09.2016 and 19.10.2016 inclusive, according to Prospectus approved by Resolution of the Financial Supervision Commission No. 487-E/08.07.2016;

(v) Fifth issue:

Against the subscribed 2,999,999 (two million nine hundred and ninety-nine thousand nine hundred and ninety-nine) dematerialized ordinary registered voting shares with nominal value of BGN one each, individual payments have been made in a procedure for initial public offering of a share issue, held between 28.09.2020 and 30.10.2020 inclusive, according to Prospectus approved by Resolution No. 148-E of 18.02.2020 of the Financial Supervision Commission, together with all supplements thereto, confirmed by Resolutions of the Financial Supervision Commission No. 405-E of 11.06.2020, No. 601-E of 13.08.2020 and No. 791-E of 29.10.2020;

(vi) Sixth Issue:

Against the subscribed 50,496 (fifty thousand four hundred and ninety-six) dematerialized ordinary registered voting shares with a nominal value of BGN one each, individual payments have been made in a procedure for initial public offering of a share issue, held in the period between 28.06.2023 and 29.06.2023 inclusive, in accordance with Article 112, para. 3 of the Bulgarian Public Offering of Securities Act, without a prospectus pursuant to Informational Document in accordance with Article 1, para. 4, lit. "i" in conjunction with Article 1, para. 5, lit. "h" of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market;

(vii) Seventh Issue:

Against the subscribed 54,614 (fifty-four thousand six hundred and fourteen) dematerialized ordinary registered voting shares with a nominal value of BGN one each, individual payments have been made in a procedure for initial public offering of a share issue, held in the period between 12.06.2024 r. and 21.06.2024 inclusive, in accordance with Article 112, para. 3 of the Bulgarian Public Offering of Securities Act, without a prospectus pursuant to Informational Document in accordance with Article 1, para. 4, lit. "i" in conjunction with Article 1, para. 5, lit. "h" of Regulation

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(EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.

Article 10. Shares

- (1) The Company issues dematerialized ordinary registered shares, which are registered in the Shareholders Book, kept by the central securities register. By resolution of the General Meeting of Shareholders, the Company may issue also other types of shares to the extent allowed by the applicable Bulgarian laws.
- (2) The shares are indivisible. In the event that a share belongs to several persons, they exercise the rights thereon jointly by designating a common proxy.
- (3) Each ordinary registered share shall give voting rights at the General Meeting of Shareholders, a right to a dividend and to a liquidation quota, which rights are pro rata to the nominal value of the share. The conditions for the occurrence of the voting rights at the General Meeting are the full payment of the issue price of each share and registration of the issue in the Commercial Register.

Article 11. Shareholders

- (1) A shareholder is any person who has acquired one or more shares of the capital of the Company in compliance with the applicable Bulgarian laws and this Statute.
- (2) All shareholders have the same rights and the volume is pro rata to the nominal value of the shares held by them. In case that different classes of shares are issued, the rule applies *mutatis mutandis* to the shareholders of each class.

Article 12. Information Rights

- (1) The Company shall ensure all the necessary conditions and information so as to enable the shareholders to exercise their rights, as well as to guarantee the integrity of this information.
- (2) The Company may use electronic means to provide shareholders with information under the following conditions:
 - (i) the use of electronic means is not contingent on the seat or address of the shareholders or of the persons entitled to acquire, transfer or exercise voting rights in the General Meeting;
 - (ii) identification measures are taken so as to ensure effective provision of the information to the shareholders or the persons who are entitled to exercise the voting right or determine its exercise;
 - (iii) the shareholders or the persons are entitled to acquire, transfer or exercise the voting right have expressly agreed in writing to receive the information by electronic means, or within 14 days from receipt of a request of such consent from the Company have not expressly objected thereof; on request of the persons under the first sentence, the Company shall also provide them at all times with the information on paper;
 - (iv) determination of the costs relating to the provision of information via electronic means does not prejudice the principle of ensuring equal treatment of the shareholders.

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The specific rules for the provision of information by electronic means shall be adopted by the Board of Directors.

- (3) The Company maintains its own website.

Article 13. Minority Rights

- (1) Any person or persons holding, whether jointly or separately, at least 5% of the capital of the Company may, bring before the court the actions of the Company against third parties upon an inaction of its management bodies to do so should any such inaction jeopardize the interests of the Company, including;
 - (i) bring an action for compensation of damages suffered by the Company in result of the actions or inaction of the members of the Board of Directors or of the procurators of the Company before the district court where is located the seat of the Company;
 - (ii) to request from the General Meeting or the district court the appointment of controllers to inspect all of the Company's accounting records and to report the findings thereof;
 - (iii) to request the district court to convene a General Meeting or to empower a representative thereof to convene a General Meeting with an agenda set thereby;
 - (iv) to request the inclusion of items and to suggest resolutions to be passed on items already included in the agenda of the General Meeting in accordance with the procedure provided by law.

Article 14. Transfer of Shares

- (1) The shares of the company shall be freely transferable, without restrictions or conditions, subject to the requirements of the applicable Bulgarian laws.
- (2) The issuance and disposal of dematerialized registered shares shall have effect from its registration in the central securities register.
- (3) In the event of death of a shareholder, the shares shall be transferred to the ownership of his or her heirs by law or by will in accordance with the laws applicable to the inheritance.

Article 15. Acquisition of Own Shares

- (1) Within any calendar year, the Company may acquire more than 3% of its own voting shares in the event of reduction of capital by cancellation of shares and buy back only under the terms and according to the procedure of tender offering under Article 149b of the Bulgarian Public Offering of Securities Act. In such a case, the requirements to holders of at least 5% of the voting shares and the minimum buy back amount of more than 1/3 of the voting shares shall not apply.
- (2) In the cases of para. 1, the Company shall be obliged to notify the Financial Supervision Commission and the public of the number of own shares that it will buy back within the restriction referred to in of Art. 111, para. 5 of the Bulgarian Public Offering of Securities Act, as well as for the investment broker wherewith a purchase order has been placed. Notification shall be made no later than the end of the business day preceding the day of purchase.

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Draft of Statute of SHELLY GROUP SE (Annex to the Conversion Plan)

- (3) The company may buy back its own shares without tender offering, acquiring in the course of one calendar year no more than 3% of its own voting shares following a resolution of the General Meeting of Shareholders, including for the purpose of implementation of programs for additional material incentivizing of the employees within its group with Company's shares and schemes for granting variable remuneration in shares to the executive members of the Board of Directors, in accordance with the Members of the Board of Directors of the Company Remuneration Policy.
- (4) The resolution of the General Meeting of Shareholders for the buying back of shares shall be taken by majority of the capital represented at the session. The resolution of the General Meeting of Shareholders for buyback shall have the following content: the minimum and maximum number of shares to be bought back; the terms and the procedure under which the Board of Directors shall make the buyback within a specified period not exceeding five years as of the date of the resolution; the minimum and maximum price per bought back share, as well as the investment broker through which the buyback will be performed.
- (5) The Company shall notify the Financial Supervision Commission and the public pursuant to the procedure of Article 100, para. 3 and 4 of the Bulgarian Public Offering of Securities Act, as well as the BULGARIAN STOCK EXCHANGE AD for the number of bought back shares no later than the end of the business day following the day of purchase, performed pursuant to the procedure of para 3.
- (6) In case of acquisition or transfer by the Company of treasury shares directly or through a third party acting in its own name but on behalf of the Company, it shall disclose information on the number of votes related to those shares, under the terms and the procedure provided in the Bulgarian Public Offering of Securities Act within the statutory timeframes, when their number reaches, exceeds or falls below 5 or 10 percent of the voting rights. The voting rights are calculated on the basis of the total number of voting shares.

Section III. COMPANY MANAGEMENT BODIES

Article 16. Company Bodies

- (1) The management bodies of the Company are:
 - (i) the General Meeting of Shareholders;
 - (ii) the Board of Directors.
- (2) The consultative body of the Company is the Advisory Board (if such is constituted)

Article 17. Composition of the General Meeting of Shareholders

- (1) The General Meeting of Shareholders is the supreme body of the Company and consists of all persons entered in the registers of the central securities register as shareholders with voting rights 14 days before the date of the General Meeting.
- (2) The shareholders participate in the General Meeting in person or through a proxy. Several shareholders may authorize a common representative,

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Draft of Statute of SHELLY GROUP SE (Annex to the Conversion Plan)

- (3) In order to participate in the General Meeting, the shareholders and proxies of shareholders shall legitimize themselves pursuant to the Rules of Procedure of General Meeting of Shareholders, approved by the Board of Directors, which are part of the materials for the meeting.
- (4) The members of the Board of Directors who are not shareholders may participate in the work of the General Meeting with non-voting rights. The General Meeting of Shareholders may decide, by a simple majority, to allow or not to allow other non-shareholders to participate in its work with non-voting rights.

Article 18. Participation through a Proxy

- (1) A proxy shall have the same rights to speak and ask questions to the General Meeting as the shareholder he/she represents.
- (2) A proxy shall exercise the voting rights pursuant to the instructions of the shareholder contained in the power of attorney.
- (3) A proxy may represent more than one shareholder in the General Meeting of the Company. In such case, the proxy may cast different votes with the shares held by the individual shareholders he/she represents. This rule applies *mutatis mutandis* to his/her own shares, in case the proxy is a shareholder.
- (4) The authorization or withdrawal of the power of attorney may also be made via electronic means in the form of an electronic document signed with an electronic signature. The terms and conditions for receipt of power of attorney via electronic means and notices of withdrawal thereof shall be published on the Company's website.
- (5) The requirements regarding the authorization, the presentation of the power of attorney to the Company and the provision of voting instructions by the shareholder shall be determined with rules of procedure approved by the Board of Directors.

Article 19. Competence of the General Meeting of Shareholders

- (1) The General Meeting of Shareholders is the supreme body of the Company and has unlimited competence to resolve on any matter concerning the Company.
- (2) The General Meeting of Shareholders shall have exclusive competence to resolve on the following matters:
 - (i) amending and/or supplementing the Statute of the Company;
 - (ii) capital increase or reduction;
 - (iii) transformation or dissolution of the Company;
 - (iv) determination of the number of the members and the composition of the Board of Directors, determination of the remuneration of its members, including the opportunity to acquire part of the Company's profits, options, shares or bonds;
 - (v) exercising control over the activities of the Board of Directors and releasing its members of liability;
 - (vi) appointment of auditor(s);

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Draft of Statute of SHELLY GROUP SE (Annex to the Conversion Plan)

- (vii) approval of the annual financial report after certification by the appointed auditor(s);
- (viii) distribution of the profits and payment of annual or 6-month interim dividends;
- (ix) issuance of bonds and other corporate instruments;
- (x) appointment of liquidators upon termination of the Company through liquidation proceedings;
- (xi) authorization of the Board of Directors to conclude transactions under Article 114, para. 1 of the Bulgarian Public Offering of Securities Act;
- (xii) replenishment of the Reserve Fund;
- (xiii) transfer of the seat and registered address of management in another Member State of the European Union, pursuant to Article 8 of Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE);
- (xiv) conversion of the Company into a public limited liability company, governed by the Bulgarian law, pursuant to Article 66 of Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE).

Article 20. Convening of the General Meeting

- (1) The General Meeting of Shareholders shall be held at a place where the seat of the Company is located. Ordinary (Annual) General Meeting of Shareholders shall be held until the end of the first half of the year following the end of the business year.
- (2) The Board of Directors may, on its own initiative, convene extraordinary General Meetings of Shareholders.
- (3) The Board of Directors shall be obliged to convene the General Meeting of Shareholders at an extraordinary session at the request of shareholders holding whether jointly or separately at least 5% of the voting shares.
- (4) The General Meeting of Shareholders shall be convened by an invitation published in the commercial register and disclosed pursuant to the provision of Article 100r, paras. 1 and 3 of the Bulgarian Public Offering of Securities Act, at least 30 (thirty) days before the opening of the General Meeting of Shareholders. The invitation, along with the materials for the General Meeting under Article 224 of the Bulgarian Commerce Act, shall be sent to the Financial Supervision Commission within the timeframe provided in the preceding sentence and shall be published on the Company's website for the time from the announcement of the invitation under the preceding sentence until the end of the General Meeting. The information published about the invitation and the materials for the General Meeting on the Company's website must be identical in content to the information provided to the public. If applicable, the Company shall also publish the forms for voting through a proxy or via correspondence, in the manner indicated herein above.
- (5) The invitation should contain at least the information required by law.
- (6) The written materials for the General Meeting shall be made available to the shareholders no later than the date on which the invitation for convening of the General Meeting in accordance with para. 4 above is published. On request they shall be provided to each shareholder free of charge. Where the agenda includes the election of members of the Board of Directors, the materials shall also include details of the names, permanent address and professional qualifications of the persons

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proposed as members. The written materials shall be published on the Company's website within the timeframes and pursuant to para. 4 herein above.

- (7) Shareholders holding, whether jointly or separately, at least 5 percent of the capital of the Company may request the inclusion of items and propose resolutions on the items already included in the agenda of the General Meeting in accordance with Article 223a of the Bulgarian Commerce Act. In such cases, no later than the next business day following the publication of the additional agenda items in the commercial register, the shareholders shall submit to the Financial Supervision Commission and the Company the materials under Article 223a, para. 4 of the Bulgarian Commerce Act. The company shall be obliged to update the invitation and to publish it together with the written materials pursuant to Article 100r, paras. 1 and 3 of the Bulgarian Public Offering of Securities Act without undue delay, but no later than the end of the business day following the day of receipt of the notification for the inclusion of the items in the agenda.

Article 21. Quorum

- (1) The General Meeting may conduct business in case that shares representing more than 1/2 of all voting shares are represented and the shareholders are duly invited.
- (2) The resolutions under Article 19, para. 2, subparagraphs (i), (ii), (iii), (iv), (ix), (xiii) and (xiv) shall be passed only if at least 2/3 of all voting shares are represented at the General Meeting
- (3) In the absence of quorum in the cases referred to in paragraphs 1 and 2, a new session with the same agenda items may be scheduled no earlier than fourteen days and it will be valid regardless of the capital represented. The date, place and time of the new session may be indicated in the invitation of the first session. No items may be included pursuant to Article 223a of the Bulgarian Commerce Act in the agenda of the new session.

Article 22. Majority

- (1) The resolutions of the General Meeting shall be passed by a majority of the shares represented at the meeting, where:
 - (i) the resolutions on matters referred to in Article 19, para. 2, subparagraphs (i), (ii), (iii), (iv), (ix), (xiii) and (xiv) shall be passed with a qualified majority of at least 2/3 of the shares represented;
 - (ii) on all other matters the resolutions shall be passed with a majority of more than 1/2 of the shares represented, unless a qualified majority is required by law.
- (2) In addition to the right of the shareholders to vote onsite, the Board of Directors may provide facility of voting via electronic means and/or via correspondence pursuant to rules of procedure approved by the Board of Directors. The availability of any of the voting methods referred to in the preceding sentence shall be indicated by the Board of Directors in the invitation for the General Meeting of Shareholders, and the voting rules shall form part of the materials for the meeting.
- (3) List of the shareholderds voting via electronic means and/or via correspondence shall be made as a separate document or as part of the shareholders attendance list. The attendance shall be certified by the signature of the elected by the General Meeting chairperson and secretary for the session.

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- (4) The voting shares of the shareholders who have voted via electronic means or via correspondence shall be counted in determination of the quorum and the majority.

Article 23. Attendance list

- (1) A list of the shareholders present or their representatives and the number of shares held by them shall be made for the session of the General Meeting. The list shall be certified by the chairperson and the secretary of the session elected by the General Meeting.
- (2) Shareholders and representatives shall certify their presence with a signature.

Article 24. Minutes of the General Meeting

- (1) Minutes shall be kept for the sessions of the General Meeting, which shall be stored in a special book.
- (2) The minutes shall contain at least information on the number of shares for which valid votes have been cast, the proportion of the capital they represent, the total number of valid votes cast, the number of votes in favour and against and, if necessary, the number of abstentions from voting for each of the resolutions on the items of the agenda. The minutes shall be signed by the chairperson and the secretary of the session and the vote tellers.
- (3) The Minutes and the enclosures thereto shall be kept for at least five years and, upon request, copies of them shall be presented to each shareholder. However, the minutes shall be published on the Company's website for a period of no less than one year.

Article 25. Board of Directors

- (1) The Board of Directors shall consist of 3 to 9 members, who shall be elected for a term of office determined by the General Meeting of Shareholders, not exceeding five years.
- (2) The Board of Directors shall manage and represent the Company collectively.
- (3) The Board of Directors may authorize one or more of its members to represent the Company in compliance with the requirements of the Bulgarian Commerce Act.

Article 26. Composition of the Board of Directors

- (1) Members of the Board of Directors may be both natural and legal persons.
- (2) No person may be elected as a member of the Board of Directors who:
 - (i) has been a member of the management or controlling body of a company dissolved due to bankruptcy within the last two years preceding the date of the bankruptcy proclamation resolution, in case that any unsatisfied creditors have remained;
 - (ii) has been a managing director, a member of a managing or controlling body of a company, with regard to which non-performance of obligations to establish and maintain the stock levels, prescribed thereto under the Crude Oil and Petroleum Products Stocks Act, has been established by an effective penal decree;

Draft of Statute of SHELLY GROUP SE (Annex to the Conversion Plan)

- (iii) who has been convicted with an enforceable sentence for an intentional crime prosecutable under public law committed in the Republic of Bulgaria or in another state, unless rehabilitated.
- (3) At least 1/3 of the members of the Board of Directors must be independent persons. An independent member of the Board of Directors may not be:
- (i) an employee of the Company;
 - (ii) a shareholder who holds, directly or through related parties, at least 25% of the votes in the General Meeting or is a person related with the Company;
 - (iii) a person which is in a lasting commercial relationship with the Company;
 - (iv) a member of a management or supervisory body, a procurator or an employee of a company or another legal entity under items (ii) or (iii);
 - (v) a person related with another member of the Board of Directors of the Company.
- (4) When electing independent members of the Board of Directors, the capital represented at the General Meeting shall include the shares held by persons under para. 3 only if no other shareholders are present or represented at the session.
- (5) Persons, elected as members of the Board of Directors, for whom the circumstances under para. 2 and/or respectively para. 3 arise after the date of their election, shall immediately notify the Board of Directors of this circumstance, in which case the persons cease to perform their functions and receive no remuneration.

Article 27. Duties of the Members of the Board of Directors

- (1) The members of the Board of Directors shall perform their duties with the care of a good trader and in a manner which they reasonably consider to be in the interest of all shareholders of the Company and using only information for which they reasonably believe that is reliable and complete;
- (2) The members of the Board of Directors shall also show loyalty to the Company by:
- (i) preferring the interests of the Company over their own interests;
 - (ii) avoiding direct or indirect conflicts between their interests and the interests of the Company, and if such conflicts arise- promptly and fully disclose them in writing to the relevant body and do not participate in, and do not influence the other members of the Board upon resolving on these cases;
 - (iii) not disclosing non-public information about the Company even after they cease to be members of the respective bodies, until the public disclosure of the relevant circumstances by the Company.
 - (iv) having no right, on their own or on behalf of others, to conduct business transactions, to participate in trading companies as unlimited liability partners, and to be procurators, managing directors or members of boards of other companies without obtaining prior consent for this, given by the General Meeting of Shareholders. The restriction does not apply to subsidiaries of the Company. The consent may be withdrawn by the General Meeting of Shareholders.

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- (3) Each member of the Board of Directors shall without undue delay report to the Chairman and to the Executive Director the arisen circumstances that are material to the Company.
- (4) The above provisions shall apply *mutatis mutandis* to the natural persons who represent legal entities- members of the Board of Directors as well as to the procurators.

Article 28. Powers of the Board of Directors

- (1) The Board of Directors discusses and resolves on all matters other than those falling within the exclusive competence of the General Meeting of Shareholders, including but not limited to:
 - (i) plans and programs for the Company's activities;
 - (ii) organizational structure of the Company;
 - (iii) participation in tenders and competitions;
 - (iv) adopting and modifying the rules of procedure of the Board of Directors;
 - (v) election and dismissal of the executive members among its members;
 - (vi) acquisition by the Company's of a participation in other companies;
 - (vii) opening and closing of branches of the Company in the country and abroad;
 - (viii) acquisition and disposal of real property and limited real rights;
 - (ix) creating a mortgage on the Company's real estate or pledge on fixed tangible assets of the Company;
 - (x) granting loans to third non-related parties, providing guarantees, providing personal guarantees or collaterals for the obligations of third non-related parties, concluding bank loan agreements for an amount (excluding interest and other costs) exceeding 3% (three percent) of the consolidated revenue of the Company, according to the last audited annual financial statement of the Company;
 - (xi) the conclusion by the Company of operating or financial leasing contracts for amounts exceeding BGN 250,000 (excluding interest and other costs);
 - (xii) dealing with intellectual property rights, including acquisition, sale and assignment of licenses for the use of patents, know-how and other intellectual property rights, being understood that for the provision of products and/or services to end users within the scope of the Company's scope of business activities, in which products and/or services the usage rights of intellectual property are included given the essence of the product or service, no express resolution shall be necessary;
 - (xiii) determining the terms for the appointment and adoption of programs for material incentives on an annual basis for key management personnel of the Company's subsidiaries, namely, executive directors, procurators and managing directors of the Company's subsidiaries.
 - (xiv) to constitute and deconstitute the Advisory Board, to take decisions on all matters concerning the Advisory Board, except those already stipulated by this Statute or by a resolution of the General Meeting of Shareholders, including but not limited to: to determine the number of members and the composition of the Advisory Board with the right to appoint and dismiss its members at its own discretion, to determine the term of its existence, the remuneration and the term of office of its members, to adopt, amend, revoke and control the

Draft of Statute of SHELLY GROUP SE (Annex to the Conversion Plan)

implementation of any and all documents concerning the Advisory Board, including the Rules on the Functioning of the Advisory Board.

The resolutions of the Board of Directors shall take no effect if they contradict the law, this Statute or a resolution of the General Meeting of Shareholders on the same matter that precedes them.

- (2) The Board of Directors shall resolve on and shall empower persons who manage and/or represent the Company for conducting transactions with interested parties within the meaning of Article 114, para. 2 of the Bulgarian Public Offering of Securities Act for which no prior authorization is required by the General Meeting of Shareholders.
- (3) Decisions under Article 28, para. 1 and para. 2 shall be taken by the majority of more than half of all members of the Board of Directors.
- (4) The conclusion of transactions by subsidiaries of the Company under which:
 - (i) the subsidiary transfers, provides the usage of or as collateral in any form, long-term assets with a total value over:
 - (a) 1/3 of the lower value of the assets according to the last audited or the last prepared balance sheet of the subsidiary;
 - (b) 2% of the lower value of the assets according to the last audited or the last prepared balance sheet of the subsidiary when interested persons participate in the transactions;
 - (ii) The subsidiary participates in the establishment or in the increase of the capital of a company or makes additional cash contributions to a company by assets exceeding the threshold as per item (i) herein;

shall be subject to prior approval by the Board of Directors pursuant to the terms and procedure provided for in the Bulgarian Public Offering of Securities Act.

- (5) In the cases where a transaction is subject to approval by the General Meeting of Shareholders pursuant to the requirements of Article 114 et seq. of the Bulgarian Public Offering of Securities Act, the Board of Directors shall prepare and submit to the General Meeting of Shareholders a reasoned report on the expediency and the terms and conditions of such a transaction, which is part of the materials provided to the shareholders upon convention of the General Meeting.
- (6) The rules of para. 4 shall not apply in case that an exception provided by law exists.
- (7) In the case of provision of deposits pursuant to para. 6 (ii), the Company shall notify the Financial Supervision Commission within the statutory timeframe.
- (8) In the cases referred in the paragraphs herein above, persons qualified as interested shall not be entitled to vote, and respectively shall not participate in the decision taking process, their voting rights shall not be taken into account in the calculation of the quorum and the majority for the respective resolution.

Article 29. Meetings of the Board of Directors

- (1) The Board of Directors shall meet at regular sessions at least once every three months to discuss the activities of the Company.

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- (2) At its first meeting following its election, the Board of Directors shall adopt its rules of procedure and shall elect its Chairman, Deputy Chairman and one or more Executive Directors. The number of the executive board members shall not exceed the number of the rest of the board members.
- (3) The meetings shall be convened by the Chairman of the Board of Directors according to the rules of procedure of the Board, adopted pursuant to para. 2.
- (4) Any member of the Board of Directors may request the Chairman to convene a meeting for the discussion of certain matters.

Article 30. Resolutions of the Board of Directors

- (1) Unless expressly provided otherwise by this Statute, all resolutions of the Board of Directors shall be passed by a majority of more than half of all members of the Board of Directors. The Chairman of the Board of Directors shall not have a casting vote.
- (2) At the sessions of the Board of Directors quorum shall be present if the number of the members present is sufficient for passing of resolutions on the items in the agenda. In the event of absence of quorum with regard to items of the agenda requiring a qualified majority for passing a resolution thereon, the absence of quorum shall be noted in the minutes and the matter shall not be discussed at the session.
- (3) If technically possible, a member of the Board of Directors may participate in the meeting via telecommunication stating his/her willingness to participate remotely before the Chairman of the Board of Directors at least 1 (one) hour before the beginning of the session. Participation via telecommunication shall be noted in the minutes of the meeting. The number of members participating through telecommunications may not exceed the number of people present in person.
- (4) Any member of the Board of Directors may authorize in writing another member of the Board of Directors to represent him for a specific meeting where one member of the Board of Directors present may represent no more than one member absent. The authorization may be general or may explicitly provide voting instructions on the agenda items, as well as a combination of both.
- (5) Minutes shall be kept for the meetings of the Board of Directors including the resolutions passed, that shall be signed by all members present. Participation via telecommunication shall be certified by the chairman for the session and participation through proxy shall be certified by the authorized member of the Board of Directors. The resolutions passed shall be entered in a special book, which shall be kept by the Chairman of the Board of Directors.
- (6) It is also admissible resolutions in lieu of meeting to be passed, provided that all members have given their written consent thereto. Resolutions in lieu of meeting may be made in one or more identical copies and shall be deemed passed on the date of the last affixed signature where there is no requirement all signatures to be affixed to the same copy- in the latter case, all signed copies shall be stored and presented together as composite parts of one and the same document.
- (7) The written form referred to in the above paragraphs shall be considered to have been complied with by signing of an electronic document with an electronic signature. The signed document shall be kept in original on an electronic media, and a printed hardcopy shall be kept as well.

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Article 31. Liability of the Members of the Board of Directors

- (1) The members of the Board of Directors shall be jointly and severally liable for the damages they have caused to the Company.
- (2) The General Meeting may relieve from liability a member of the Board of Directors in case that the conditions provided by law are met.

Article 32. Executive Director

- (1) The Executive Director shall organize and carry out the operational management of the Company pursuant to this Statute and in accordance with the resolutions of the General Meeting and the Board of Directors.
- (2) He/she shall have the power to decide independently on all internal organizational issues, save for those falling within the competence of the General Meeting or the Board of Directors by virtue of an express provision contained herein or in the laws.

Article 33. Procurator

The company may be represented by one or more procurators appointed by the Board of Directors.

Article 34. Investor Relations Director

- (1) The Company shall hire (with an employment agreement) an Investor Relations Director and the nomination shall be approved by the Board of Directors.
- (2) The Investor Relations Director must have appropriate qualification or experience to fulfil his/her duties and may not be a member of the Board of Directors or a procurator of the Company.
- (3) The Investor Relations Director shall:
 - (i) establish effective relation between the Board of Directors, the shareholders of the Company and the persons interested in investing in the Company's securities by providing them information on the current financial and economic status of the Company; and any other information to which they are entitled by law in their capacity as shareholders or investors;
 - (ii) be responsible for sending within the statutory timeframe the materials for a convened General Meeting to all shareholders who requested to get acquainted with them;
 - (iii) keep and storage true and complete minutes of the sessions of the Board of Directors of the Company;
 - (iv) be responsible for the timely submission of all necessary reports and notifications by the Company to the Financial Supervision Commission, the regulated market on which the Company's securities are traded, and the central securities register;
 - (v) keep a register of the materials sent under items (ii) and (iv), as well as of the requests received and the information provided under item (i), and in case a requested information has not been provided shall describe the reasons therefor.
- (4) The Investor Relations Director shall report on his/her activity to the shareholders at the annual General Meeting of Shareholders.

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- (5) The persons managing the Company shall assist the Investor Relations Director and shall control the performance of his/her functions.
- (6) In the procedure of election of an Investor Relations Director, the restrictions provided for the election of a member of the Board of Directors herein shall apply *mutatis mutandis*, save for the requirements for the election of an independent member.
- (7) The duties of the members of the Board of Directors for taking due care and for loyalty to the Company, as well as the liability related thereto, shall apply *mutatis mutandis* to the Investor Relations Director, whereas his/her liability shall be engaged by resolution of the Board of Directors.

Article 35. Advisory Board

- (1) At the discretion and initiative of the Board of Directors, an Advisory Board may be constituted in the Company. The Advisory Board is a collective consultative body, which assists the members of the Board of Directors and the senior management of the Company, based on the expertise of each of its members and according to the goals set by the Board of Directors on its constitution, and for this purpose it may (the list is exemplary):
 - (i) prepare and provide strategic guidelines and programs for development of the Company;
 - (ii) monitor the activity and the results of the activity of the Company, to prepare reports and to propose improvement of some aspects of the Company's activity;
 - (iii) provide information on the current developments and trends in the business sector in which the Company operates;
 - (iv) provide information on innovative practices, as well as recommend and develop programs for introduction of such practices in the activities of the Company;
 - (v) propose improvements regarding the products and/or services offered by the Company, as well as the development of new ones;
 - (vi) propose strategies for improving the Company's position in the current markets in which it operates, to explore opportunities for access of new markets, as well as for the implementation of new market mechanisms;
 - (vii) perform any other activity assigned to it by the Board of Directors, which is in the interest of the development of the Company.
- (2) The Advisory Board explicitly does not have and cannot be assigned any management, controlling or supervisory functions. The members of the Advisory Board have the right to access information belonging to the Company in the volume determined by the Board of Directors and subject to the requirements for handling such information no less restrictive than the requirements applicable to members of the Board of Directors.
- (3) The resolutions, reports, strategies and all other documents issued by the Advisory Board, regardless of their name, are explicitly not binding and are not enforceable, unless such force has been given to them by resolution of the Board of Directors, in the latter case the respective document shall be considered incorporated in the resolution of the Board of Directors.
- (4) The number of the members of the Advisory Board shall be determined by a resolution of the Board of Directors. Each of its members shall be elected for a term of office determined by the Board of

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Directors, not exceeding five years, which may be renewed without restriction or terminated before expiration:

- (i) by decision of the Board of Directors for dismissal of the respective member of the Advisory Board;
 - (ii) on request of the respective member of the Advisory Board;
 - (iii) in the event of inability to perform the functions of a member of the Advisory Board due to death, illness or any other circumstance that prevents the performance of these functions.
- (5) The composition of the Advisory Board shall be determined by a resolution of the Board of Directors. Any natural person who, at the discretion of the Board of Directors, has expertise that may contribute to the development of the Company may be elected as a member of the Advisory Board. The members of the Board of Directors, the procurators, the Investor Relations Director, the employees of the Company and the persons who directly or indirectly hold at least 25% of the votes at the General Meeting of Shareholders or control it, explicitly may not be elected as members of the Advisory Board.
- (6) The Chairman and the Secretary of the Advisory Board are determined in accordance with the procedure provided for in the Rules of Procedure of the Advisory Board, adopted by a resolution of the Board of Directors upon its constitution.
- (7) The amount and the type of remuneration of each of the members of the Advisory Board shall be determined by the Board of Directors upon their election. The remuneration may be changed, both by type and amount, at any time by a resolution of the Board of Directors.
- (8) The annual expenses related to the activity of the Advisory Board, incl. for remuneration, may not exceed 2% of the annual revenues of the Company on a consolidated basis according to the approved annual consolidated financial report for the previous year. This provision shall apply *mutatis mutandis* for the years of constitution and deconstitution of the Advisory Board, whereas the limit shall be calculated proportionally on the basis of the respective number of days during the period of existence of the Advisory Board towards to the total number of days in the calendar year.

Article 36. Conflict of Interests

- (1) The members of the Board of Directors, the procurators, the Investor Relations Director, the members of the Advisory Board and persons who directly or indirectly hold at least 25% of the voting rights in the General Meeting of Shareholders or control it shall be obliged to declare to the Board of Directors information:
- (i) about the legal entities in which they directly or indirectly hold at least 25% of the votes in the general meeting or which they control;
 - (ii) about the legal entities in whose management or supervisory bodies they participate, or whose procurators they are;
 - (iii) about the known current and future transactions for which they consider that they may be recognized as interested parties.
- (2) The members of the Board of Directors and the procurators shall be obliged to declare the circumstances under para. 1 within 7 days as of their election, and persons who directly or indirectly hold at least 25% of the voting rights in the General Meeting of Shareholders or control it- within

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7 days as of the acquisition of the voting rights or the control, respectively. The persons referred to in the first sentence shall be required to update the declaration within 7 days as of the occurrence of the relevant circumstances.

- (3) The declaration of the above circumstances to the Board of Directors shall not relieve the said persons from their statutory obligation to declare the same information to the respective authorities.

Section IV. FUNDS. PROFIT DISTRIBUTION AND ACCOUNTING

Article 37. Business Year

- (1) The operational financial and business year of the Company shall commence on the 1st of January and shall end on the 31st of December.
- (2) By the end of March each year, the Board of Directors shall make an annual financial report and an annual activity report for the previous calendar year and shall present these to the auditors appointed the General Meeting auditors and the reports after being verified by the auditors shall be returned with a report.

Article 38. Monetary Funds

- (1) The Company shall form a Reserve Fund. Other funds may be formed by a resolution of the Board of Directors.
- (2) The amount of deductions for the Reserve Fund shall be determined by the General Meeting of Shareholders, but it shall be no less than 10 percent of the profit after taxation. Contributions to the reserve fund may be ceased when it reaches 10 percent of the nominal value of the capital.

Article 39. Dividends

- (1) Dividend shall be distributed by resolution of the General Meeting of Shareholders.
- (2) The Company may pay 6-month and annual dividend as provided herein, whereas Article 247a of the Bulgarian Commerce Act shall apply *mutatis mutandis*. The Company may pay an interim dividend based on 6-month financial statements only if the following conditions are fulfilled:
 - (i) a 6-month financial report has been prepared; an additional report has been prepared thereto, proving that on the base of the accounting information the Company has sufficient funds to pay the dividends and that their payment will not result in the indebtedness of the Company to creditors, personnel, state budget and others;
 - (ii) the financial result for the 6-month period is a profit and there is a resolution of the General Meeting of Shareholders for distribution of the profit;
 - (iii) the amount of funds that may be distributed in accordance with Article 247a of the Bulgarian Commerce Act may not exceed the total profit, calculated as the sum of:

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- (a) the current accounting result for the period from 1 January to 30 June of the current year;
 - (b) non-distributed profit from previous years; and
 - (c) the amount of reserves, the distribution of which is not prohibited by law or by this Statute;
reduced by the transferred losses and the legal reserves formed in accordance with the requirements of Article 246 of the Bulgarian Commerce Act and/or the compulsory reserves under the Statute of the Company;
 - (iv) there are no unpaid debts undertaken by the Company with due date that has expired prior to the profit-distribution resolution being passed and after the payment of the interim dividends the Company will still be able to fulfil its obligations for the current financial year.
- (3) The persons registered on the registers of the central securities register as shareholders on the 14th day following the day of the General Meeting, on which the annual, respectively the 6-month, financial report has been approved and the resolution on profit distribution has been passed, shall be entitled to receive a dividend.
 - (4) The company shall ensure payment to the shareholders of the dividend approved by the General Meeting within 3 months from the date the meeting has been held.
 - (5) The dividend shall be paid with the assistance of the central securities register.

Section V. TERMINATION OF THE COMPANY AND LIQUIDATION

Article 40. Grounds for Dissolution

The Company shall be dissolved upon occurrence of any of the grounds provided by law.

Article 41. Liquidation

- (1) Liquidation procedure shall be conducted by liquidators appointed by the General Meeting of Shareholders.
- (2) Following the satisfaction of the Company's creditors, the remainder of the property shall be distributed between the shareholders pro rata to the shares held.

Section VI. MISCELLANEOUS

Article 42. Applicable Law

- (1) The provisions of the Bulgarian law then in force shall apply to all matters not governed by this Statute.
- (2) The bodies of the Company shall ensure that the provisions of this Statute are in compliance with the applicable law and, in case of change in the legislation, the Statute shall be amended

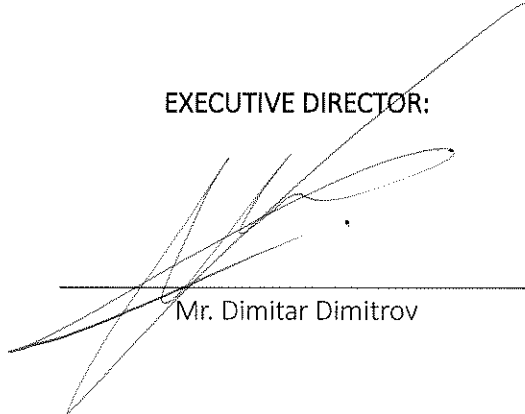
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accordingly. Nevertheless, in case that a rule contained in a provision of this Statute contradicts an imperative rule established by law, then the statutory rule shall apply and the provision of the Statute shall be deemed to have been amended accordingly.

Article 43. Transitional and Final Provisions

- (1) This Statute has been adopted at the General Meeting of Shareholders of SHELLY GROUP PLC held on [*].[*].2024 in the course of a conversion procedure of SHELLY GROUP PLC into a Societas Europea by change of its legal form pursuant to Article 37 et seq. of Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE).

EXECUTIVE DIRECTOR:



Mr. Dimitar Dimitrov

PART C

Conversion Report of the Board of Directors of SHELLY GROUP PLC

Translation for convenience – Only the original Bulgarian version is authoritative and binding.

CONVERSION REPORT

of the Board of Directors for the conversion of

SHELLY GROUP PLC

Sofia, Republic of Bulgaria

– hereinafter referred to as "SHELLY GROUP PLC" –

into Societas Europaea (SE)

– hereinafter referred to as "SHELLY GROUP SE" –

CONTENTS

I.	INTRODUCTION.....	3
II.	SHELLY GROUP PLC.....	3
1.	BASIC DATA.....	3
2.	SEAT, REGISTERED ADDRESS OF MANAGEMENT, HEAD OFFICE.....	4
3.	FINANCIAL YEAR.....	4
4.	BUSINESS.....	4
5.	SUBSCRIBED CAPITAL AND SHAREHOLDERS.....	5
6.	CONSTITUTION OF THE COMPANY.....	5
III.	PRINCIPAL ASPECTS OF THE CONVERSION.....	6
1.	PRINCIPAL REASONS FOR THE CONVERSION.....	6
2.	COSTS OF THE CONVERSION.....	7
IV.	COMPARISON OF THE LEGAL POSITION OF THE SHAREHOLDERS OF SHELLY GROUP PLC AND SHELLY GROUP SE	7
1.	INTRODUCTION.....	7
2.	GENERAL PROVISIONS.....	8
3.	LEGAL RELATIONS OF THE COMPANY AND THE SHAREHOLDERS.....	9
4.	CORPORATE BODIES, MANAGEMENT SYSTEM.....	9
5.	ANNUAL FINANCIAL REPORTS / CONSOLIDATED FINANCIAL REPORTS.....	15
6.	CAPITAL INCREASE AND CAPITAL REDUCTION.....	15
7.	WINDING UP OF THE COMPANY AND RELATED PROCEDURES.....	15
8.	DEREGISTRATION.....	15
9.	CRIMINAL LAW AND CIVIL PENALTY PROVISIONS.....	16
V.	IMPLEMENTATION OF THE CONVERSION OF SHELLY GROUP PLC INTO SHELLY GROUP SE.....	16
1.	PREPARATION OF THE CONVERSION PLAN.....	16
2.	CONVERSION AUDIT.....	16
3.	GENERAL MEETING OF SHAREHOLDERS OF SHELLY GROUP PLC.....	17
4.	CONDUCTION OF A PROCEDURE FOR INVOLVEMENT OF THE EMPLOYEES.....	17
5.	REGISTRATION OF THE CONVERSION INTO AN SE.....	17
VI.	COMMENTS.....	18
1.	COMMENTS ON THE CONVERSION PLAN.....	18
2.	COMMENTS ON THE STATUTE OF SHELLY GROUP SE.....	24
3.	DECLARATIONS PURSUANT TO ARTICLE 114B OF THE BULGARIAN PUBLIC OFFERING OF SECURITIES.....	29
4.	OTHER CORPORATE LAW EFFECTS.....	30
VII.	ACCOUNTING AND TAX EFFECTS OF THE CONVERSION.....	30
VIII.	SECURITIES AND STOCK EXCHANGE TRADING.....	31
1.	EFFECTS OF THE CONVERSION ON THE SHARES OF SHELLY GROUP SE.....	31
2.	EFFECTS OF THE CONVERSION ON THE STOCK MARKET LISTING.....	31

I. INTRODUCTION

The Board of Directors of SHELLY GROUP PLC (hereinafter also referred to as the "**Company**") has prepared a plan for the conversion ("**Conversion Plan**") of SHELLY GROUP PLC into a European Company (Societas Europaea, hereinafter also referred to as "**SE**").

The conversion is conducted pursuant to Article 2, para. 4 in connection with Article 37 of Council Regulation (EC) No. 2157/2001 of 08 October 2001, on the Statute for a European company (SE) ("**SE Regulation**"). In addition, Chapter Nineteenth of the Bulgarian Commerce Act also applies.

In the conversion process, the identity of the legal entity is preserved, which means that the conversion does neither lead to a winding up of SHELLY GROUP PLC nor to the creation of a new legal entity. Therefore, the participations held in the company by the shareholders continue to exist.

In order for the Conversion Plan to become effective, it is necessary that the General Meeting of Shareholders of SHELLY GROUP PLC approves the plan. The Board of Directors plans to submit the Conversion Plan, including the Statute of future SHELLY GROUP SE, to an extraordinary General Meeting of Shareholders of SHELLY GROUP PLC which is planned to be held in October, 2024, for approval.

Also, according to Article 12, para. 2 of the SE Regulation, among other registration requirements an SE may not be registered unless an agreement on arrangements for employee involvement pursuant to Article 4 of Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European company ("**Directive 2001/86/EC**") has been concluded, or a resolution pursuant to Article 3, para. 6 of Directive 2001/86/EC has been passed, or the period for negotiations pursuant to Article 5 of Directive 2001/86/EC has expired without an agreement having been concluded. The employee involvement is governed also by the Bulgarian Act of Information and Consultation of the Workers and Employees in Multinational Enterprises, Groups of Enterprises and European Companies ("**AICWEMEGEEC**").

The Board of Directors of SHELLY GROUP PLC has prepared this report in accordance with Article 37, para. 4 of the SE Regulation. The report gives an explanation and states the legal and economic aspects of the conversion and the effects for the shareholders and employees of the transition from the Bulgarian legal form of a public limited-liability company (акционерно дружество - АД) to the supra-national legal form of an SE.

With regard to the business activities of SHELLY GROUP PLC the report merely contains a summary as these activities are not affected by the conversion of SHELLY GROUP PLC into SHELLY GROUP SE because of preserving the identity of the legal entity.

II. SHELLY GROUP PLC

1. Basic data

SHELLY GROUP PLC (*may also be written with Latin letters as SHELLY GROUP AD*) is registered with the Bulgarian Registry Agency - Commercial Register and Register of Non-Profit Legal Entities under unified identification code 201047670. It is the holding company, which holds directly the shares of other subsidiary companies and thus forming a group of companies hereinafter referred to as the "**Group**".

Pursuant to Article 4 of the Statute of SHELLY GROUP PLC, the company has the following scope of business activities: acquisition, management, evaluation and sale of 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 the Company participates; purchase of goods and other items for

resale in the original, transformed or processed form; sale of goods from its own production; foreign trade transactions; commissions, forwarding, warehousing and leasing transactions; transport transactions in the country and abroad; transactions of commercial representation and mediation of local and foreign individuals and legal entities; consultancy 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.

2. Seat. Registered Address of Management. Head Office

The seat of SHELLY GROUP PLC is Sofia, Republic of Bulgaria and its registered address of management is located at 103 Cherni Vrah Blvd., Lozenets Region, Sofia Municipality, Sofia 1407, Republic of Bulgaria. This is also the place of its head office.

3. Financial Year

The financial year of SHELLY GROUP PLC corresponds to the calendar year.

4. Business

With more than 200 employees, customers in more than 120 countries, the Group runs one of the leading IoT businesses worldwide. In the financial year 2023, on consolidated basis SHELLY GROUP PLC generated sales of BGN 146,542 thousand, an EBIT of BGN 37,499 thousand and an annual net income of BGN 32,949 thousand.

The Group companies are partnering with many manufactures worldwide. In Europe, the Group operates through six companies and one branch (in the United Kingdom). The Group has clients and distributors in every country in Europe (except the countries that are subject to international sanctions). Three of the companies operate their own internet shops.

The Group has sold more than 14 million devices since it entered the IoT business (in 2016). Its products are used in more than 3 million households across the world. The cloud operated by the Group has more than 1.3 million active users.

The following table shows the business development of Shelly Group:

	2023 IFRS	2022 IFRS	Change
<i>in BGN thousand on consolidated basis</i>			
Sales	146 542	93 178	57,3%
EBIT	37 400	20 377	83,5%
Net Income	32 949	17 433	89,0%
Cash from Operating Activities	14 912	441	3281,4%
Tangible and Intangible Assets Added	6 427	2 470	160,2%
Depreciation and Amortisation	1 202	1 028	16,9%
R&D Expenses	3 421	1 466	133,4%
<i>in BGN on consolidated basis</i>			
Earnings per Share	1,83	0,97	88,7%

Dividend per Share	0,2543	0,25	1,7%
Return on Assets	0,26	0,20	31,6%
<i>Number</i>			
Number of Employees as of December 31	203	152	33,6%

5. Subscribed Capital and Shareholders

5.1. Subscribed Capital

The subscribed capital of SHELLY GROUP PLC amounts to BGN 18 105 559 (eighteen million one hundred and five thousand five hundred and fifty-nine), divided in 18 105 559 (eighteen million one hundred and five thousand five hundred and fifty-nine) dematerialized ordinary registered voting shares with nominal value of BGN 1 (one) for each share.

5.2. Authorized Capital

The latest authorization of the Board of Directors of SHELLY GROUP PLC to increase the capital of the Company pursuant to Article 7, para. 9 of the Statute of SHELLY GROUP PLC has expired on 27.06.2024. Currently the Board of Directors is not authorized to increase the capital of the Company.

5.3. Shareholders

The subscribed capital of SHELLY GROUP PLC exists in the form of dematerialized ordinary registered voting shares. The shareholders' structure is as follows:

Name of Shareholder	Capital Percentage
Svetlin Todorov	29.28 %
Dimitar Dimitrov	30.33 %
Other individuals and legal entities	40.39 %

6. Constitution of the Company

6.1. Corporate Bodies

The corporate bodies of the Company are the General Meeting of Shareholders and the Board of Directors. The responsibilities of these corporate bodies are governed by the Bulgarian Commerce Act and by the Statute of SHELLY GROUP PLC.

6.1.1. General Meeting of Shareholders

The General Meeting of Shareholders is the supreme body of the SHELLY GROUP PLC and consists of all holders of voting shares entered in the registers of the CENTRAL DEPOSITORY AD as such with voting right 14 days before the date of the General Meeting. The shareholders participate in the General Meeting in person or through a proxy. The General Meeting of Shareholders, being the supreme body of the Company has unlimited competence to resolve on matters concerning the Company. Article 19, para. 2 of the Statute of SHELLY GROUP PLC provides a list of the powers of the General Meeting of Shareholders which fall in its exclusive competence.

6.1.2. Board of Directors

SHELLY GROUP PLC has a one-tier management system - the Board of Directors. Pursuant to Article

25, para. 1 of the Statute of SHELLY GROUP PLC, the Board of Directors consists of 3 to 9 members, who shall be elected for a term determined by the General Meeting of Shareholders, not exceeding five years.

The Board of Directors of SHELLY GROUP PLC conducts the management of the Company in its own responsibility and represents SHELLY GROUP PLC in transactions with third parties. In doing so, the members of the Board of Directors are obliged to perform their duties with the care of a good trader and in a manner which they reasonably consider to be in the interest of all shareholders of the Company.

The current members of the Board of Directors of SHELLY GROUP PLC are:

- Mr. Dimitar Stoyanov Dimitrov;
- Mr. Svetlin Iliev Todorov;
- Mr. Nikolay Angelov Martinov;
- Mr. Wolfgang Kirsch; and
- Mr. Christoph Vilanek.

6.2. Public Offering of Securities

SHELLY GROUP PLC as a listed Bulgarian public limited-liability company is governed by the Public Offering of Securities Act and is registered as a public company in the register kept by the Bulgarian Financial Supervision Commission with Decision 774-ПД of November 14, 2016 as a result of successfully completed initial public offering of shares from the Company's capital increase. As a consequence of the listing of the shares of SHELLY GROUP PLC are traded on the Bulgarian Stock Exchange.

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

As a consequence of the listing of the shares of SHELLY GROUP PLC on the Frankfurt Stock Exchange, SHELLY GROUP PLC is further governed by the German capital markets laws, including the Stock Exchange Act, the Securities Trading Act, the Securities Prospectus Act, the Exchange Rules for the Frankfurt Stock Exchange and the Stock Exchange Admission Regulation, as well as the rules of the German Federal Financial Supervisory Authority (BaFin).

6.3. Employees

As of 31 December 2023, the Group employed more than 200 employees worldwide, majority of them in Member States of the EU.

In the companies of the Group currently there are no bodies representing employees. No statutory legal requirement of the applicable national laws provides that any of the companies of the Group is required to form a body representing its employees.

III. PRINCIPAL ASPECTS OF THE CONVERSION

1. Principal Reasons for the Conversion

As global IoT company, SHELLY GROUP PLC deeply values its home market Europe, which is the basis of its global activities. The conversion of SHELLY GROUP PLC into an SE, which currently is the only available supranational legal form, emphasizes the business activities of SHELLY GROUP PLC which go beyond Bulgarian's borders as well as the importance of the European market for Shelly Group. With

the conversion into an SE, SHELLY GROUP PLC promotes and supports the European idea and makes a contribution to the continuing European integration.

Europe is the home market of the Group: In 2023 more than 85% of sales were generated in Europe. In Europe the Group employs majority of its global workforce of more than 260 employees.

2. Costs of the Conversion

According to the current estimate of the Board of Directors of SHELLY GROUP PLC, the overall costs of the conversion will amount to up to BGN 100 000.

This estimate includes, in particular, the costs for preparatory measures, the costs of the conversion audit by the appointed by the Bulgarian Registry Agency - Commercial Register and Register of Non-Profit Legal Entities conversion auditor, the costs of the notarization of the Conversion Plan, the cost of the registrations, the costs of external advisors, the costs for the required publications, the costs for the conduction of the procedure for the involvement of employees as well as the costs of the change of the stock exchange listing of SHELLY GROUP PLC shares to SHELLY GROUP SE shares.

IV. COMPARISON OF THE LEGAL POSITION OF THE SHAREHOLDERS OF SHELLY GROUP PLC AND SHELLY GROUP SE

In the following, the principal statutory provisions and stipulations in the Statute currently applicable to SHELLY GROUP PLC are contrasted with the provisions applicable to the future SHELLY GROUP SE.

1. Introduction

The SE (cf. the statutory definition in Article 1, para. 1 of the SE Regulation) is a supranational legal form which was created by the law of the European Union, namely the SE Regulation, effective 08 October 2004. The SE Regulation is directly applicable law in all Member States. This ensures the Europe-wide recognition of the SE, regardless of the place of its seat. Subject to the provisions of the SE Regulation, the SE is treated in each Member State as if it were a public limited-liability company formed in accordance with the law of the country in which the SE's seat is situated; it may neither be treated preferentially nor discriminated against (cf. Article 10 of the SE Regulation). As is the case with the public limited-liability company under national law, it has legal personality (cf. Article 1, para. 3 of the SE Regulation); its subscribed capital is divided into shares and its liability to its creditors is restricted to its corporate assets (cf. Article 1, para. 2 of the SE Regulation).

The SE Regulation as a regulation under Community law, and thus as directly applicable European law, prevails over the provisions of national law. However, the small scope of the provisions of the SE Regulation necessitates an extensive subsidiary application of national law provisions. Some of the provisions have to be analysed in accordance with the provisions of private international law in order to determine which national material provisions of law apply. In other cases, direct reference is being made to the material law of a certain country.

SHELLY GROUP SE will be established in Bulgaria, therefore the majority of the provisions of the SE Regulation reference (directly or not) to the applicability of the Bulgarian law. As a consequence, reference conflicts between the jurisdictions of different countries within the EU or the EEA, respectively, are thus prevented.

As a result, the rights of the shareholders as well as the corporate governance of SHELLY GROUP SE as an SE having its seat in Bulgaria are governed by the stipulations of the SE Regulation, the Statute of SHELLY GROUP SE, the provisions of the Bulgarian Commerce Act and Bulgarian Public Offering of Securities Act.

2. General Provisions

2.1. Subscribed Capital

The subscribed capital of an SE is expressed in Euro (Article 4, para. 1 of the SE Regulation). Pursuant to Article 67, para. 1 of the SE Regulation, if and so long as the third phase of economic and monetary union (EMU) does not apply to it, each Member State may make SEs having its seat within its territory subject to the same provisions as apply to public limited-liability companies covered by its legislation as regards the expression of their capital. Whereas in the case of a public limited-liability company, incorporated in Bulgaria, the capital and the value of the shares shall be indicated in Bulgarian leva (BGN) (Article 161, para. 1 of the Bulgarian Commerce Act) and the minimum nominal amount of the subscribed capital shall be BGN 50 000 (Article 161, para. 2 of the Bulgarian Commerce Act). The subscribed capital of an SE may not be less than Euro 120 000 (Article 4, para. 2 of the SE Regulation). The subscribed capital of SHELLY GROUP SE will be exactly the same amount as the subscribed capital of SHELLY GROUP PLC at the point in time of the conversion (Section 3.3 of the Conversion Plan). The subscribed capital of SHELLY GROUP PLC currently amounts to BGN 18 105 559 (eighteen million one hundred five thousand five hundred fifty-nine), which is equivalent of EUR 9 257 227,47 (nine million two hundred fifty-seven thousand two hundred twenty-seven euro and forty-seven eurocents), calculated according to the fixed exchange rate of Bulgarian National Bank of BGN to EUR (BGN 1.00 = EUR 0.511292) and thus exceeds by far the minimum capital of Euro 120 000.

2.2. Features of the Shares

As is the case with the shares of a public limited-liability company, the shares of an SE can have different features. Pursuant to the transmission provision in Article 5 of the SE Regulation, the national law provisions concerning public limited-liability company apply in this regard. Pursuant to Article 175 of the Bulgarian Commerce Act, the minimum nominal amount of the shares of a public limited-liability company is BGN 1. Article 178 of the Bulgarian Commerce Act requires the shares of a public limited-liability company to be registered shares. A public limited-liability company may also issue dematerialised shares. The issuance of shares of different classes is permissible. Pursuant to Article 111, para. 4 of the Bulgarian Public Offering of Securities Act issuance of preference shares is not allowed.

With regard to the features of the shares of SHELLY GROUP PLC no changes occur as a consequence of the conversion into an SE. As is currently the case at SHELLY GROUP PLC, the subscribed capital of SHELLY GROUP SE will be divided into 18 105 559 (eighteen million one hundred five thousand five hundred fifty-nine) dematerialized ordinary registered voting shares with nominal value of BGN 1 (one) (cf. Article 10 of the Statute of SHELLY GROUP SE).

2.3. Seat and Registered Address

The seat and the registered address of a public limited-liability company should be stipulated in its statute. This also applies to an SE (Article 7 of the SE Regulation), with the proviso that the registered office (seat) of an SE has to be within the European Community, in the same Member State as its head office (Article 7, sentence 1 of the SE Regulation). For an SE having its seat in Bulgaria, Article 12 of the Bulgarian Commerce Act further stipulates that the registered address of a public limited-liability company has to be at the location of the management of its business.

Therefore, as a consequence of the mandatory requirement of a stipulation of the seat and registered address in the statute, the seat and registered address of a public limited-liability company as well as of an SE may only be changed by an alteration of the statute with a resolution of the general meeting of shareholders (cf. with regard to the public limited-liability company Article 165, item 1 of the Bulgarian Commerce Act. With regard to the SE, Article 8 of the SE Regulation in connection with Article 9, para. 1, letter "c", item (ii) of the SE Regulation in connection with Article 165, item 1 of the

Bulgarian Commerce Act. SE may transfer its seat and registered address of management (registered office) across borders within the EU without dissolution (Article 8 of the SE Regulation).

3. Legal Relations of the Company and the Shareholders

The fundamental principle of Bulgarian commercial law is that the Company is an independent legal entity and shall be responsible for its liabilities with its own property. The Company is not responsible for the liabilities of the shareholders, nor are the shareholders responsible for the liabilities of the Company. Furthermore, pursuant to Article 110b (*Cyrillic "1106"*) of the Bulgarian Public Offering of Securities Act, the listed public limited-liability companies shall ensure equal treatment of the shareholders enjoying equal status, including participation and voting right in the company's general meeting. By virtue of Article 9, para. 1, lit. "c", item (ii) of the SE Regulation, this is applicable, without restriction, also to the SE.

4. Corporate Bodies. Management System

With regard to the management of the company, Articles 233-244 of the Bulgarian Commerce Act provide two options - both the so-called two-tier system, consisting of a Managing Board as the managing body and a Supervisory Board as a supervisory body and the so-called one-tier system with only a single administrative organ – board of directors.

However, as is already currently the case with SHELLY GROUP PLC, the Statute of SHELLY GROUP SE provide for a one-tier system with a board of directors (cf. Articles 25-31 of the Statute of SHELLY GROUP SE). Therefore, the conversion of SHELLY GROUP PLC into an SE will not cause any changes in this regard.

In more detail:

4.1. Board of Directors

4.1.1. Management of the Company

As is the case with SHELLY GROUP PLC, the board of directors of SHELLY GROUP SE conducts the business of the SE in its own responsibility. The members of the board of directors shall be jointly and severally liable for the damages they have caused to the Company. The members of the board of directors shall be obliged to perform their duties with the care of a good trader and in a manner which they reasonably consider to be in the interest of all shareholders of the company. (cf. with regard to the public limited-liability company – Section IX, Subsection II of the Bulgarian Commerce Act, and with regard to the SE Article 43, para. 1, sentence 1 of the SE Regulation). In this regard, there will be no changes concerning the management of future SHELLY GROUP SE.

4.1.2. Size and Composition of the Board of Directors

In a Bulgarian public limited-liability company, the board of directors comprises from minimum three to not more than nine persons (Article 244, para. 1, sentence 2 of the Bulgarian Commerce Act).

Accordingly, the Statute of SHELLY GROUP SE provide that – as is the case with SHELLY GROUP PLC – its board of directors shall consist of 3 to 9 members, who shall be elected by its general meeting of shareholders (cf. Article 25, para. 1 of the Statute of SHELLY GROUP SE as well as Article 25, para. 1 of the Statute of SHELLY GROUP PLC).

4.1.3. Representation of the Company

A Bulgarian public limited-liability company is represented by the members of its board of directors collectively, unless otherwise provided for by the statute of the company (Article 235, para. 1 of Bulgarian Commerce Act). The Board of Directors may empower one or several of its members to represent the company. These powers may be revoked at any time (Article 235, para. 2 of Bulgarian Commerce Act). Pursuant to Article 21, para. 1 of Bulgarian Commerce Act the Board

of Directors may also appoint a procurator to represent the company.

The SE Regulation does not contain specific provisions regarding the representation of the company. Instead, by virtue of Article 9, para. 1, lit. "c", items (ii) and (iii) of the SE Regulation the provisions of the Bulgarian Commerce Act and consequently the stipulations in the Statute apply. The Statute of SHELLY GROUP SE (cf. therein Article 25, para. 2 and para. 3) stipulate that the board of directors may authorize one or more persons of its membership to represent the company in compliance with the requirements of the Bulgarian Commerce Act. In addition, Article 33, para. 1 of the Statute of SHELLY GROUP SE stipulates that the board of directors may appoint one or more procurators to represent the company. Since identical provisions already apply pursuant to the Statute of SHELLY GROUP PLC (cf. therein Article 25, para. 2 and para. 3 and Article 33, para. 1 of the Statute of SHELLY GROUP PLC), no changes result from the conversion of SHELLY GROUP PLC into an SE in this regard.

4.1.4. Appointment and Dismissal of the Board of Directors / Term of Office

Pursuant to Article 233 of the Bulgarian Commerce Act the members of the board of directors of a Bulgarian public limited-liability company are elected by the general meeting of shareholders for a maximum term of five years, unless shorter term is provided for in the statute of the company. Re-election is permissible without restriction. The members of the board of directors may be dismissed by the general meeting of shareholders before expiration of their term of office.

Pursuant to Article 43, para. 3 of the SE Regulation, the members of the board of directors of an SE are also appointed by the general meeting of shareholders. The appointment is made for a term of office stipulated in the Statute which may not exceed six years. Subject to any stipulations to the contrary in the statute, reappointments are permissible (Article 46, para. 2 of the SE Regulation). The Statute of SHELLY GROUP SE provide for an election of the members of the board of directors for a term, determined by the general meeting of shareholders, not exceeding five years (Article 25, para. 1 of the Statute of SHELLY GROUP PLC). Re-elections are permissible, as there in no restriction stipulated in the Statute of SHELLY GROUP SE.

Pursuant to Article 116a¹ [sic], para. 2 of the Bulgarian Public Offering of Securities Act, at least one third of the members of the board of directors of a listed company must be independent persons. The provision applies identically to any listed company, regardless of whether it is a public limited-liability, European or other type of company.

With regard to the dismissal of members of the board of directors the SE Regulation does not contain any stipulations; however, by virtue of Article 9, para. 1, lit. "c", item (ii) of the SE Regulation the national provisions applicable to public limited-liability companies (Article 233, para. 3 of the Bulgarian Commerce Act) apply.

Save for the hypothetical possibility that the statute may provide for a longer term of office for the members of the board of directors (six instead of five years), the transformation of SHELLY GROUP PLC into an SE does not lead to any changes regarding the appointment and dismissal of members of the board of directors and their term of office.

4.1.5. Principles for the Remuneration of the Members of the Board of Directors, Prohibition of Competition

With regard to the remuneration of the members of the Board of Directors and the prohibition of performance of activities that are competitive to the activities performed by the company the conversion of SHELLY GROUP PLC into an SE does not lead to any changes. By virtue of Article 9, para. 1, lit. "c", item (ii) of the SE Regulation, the principles applicable to SHELLY GROUP PLC in this regard (cf. Article 237, para. 4 of the Bulgarian Commerce Act) also apply to SHELLY GROUP SE.

4.1.6. Reports to the General Meeting of the Shareholders

The reporting obligations of the board of directors of an SE vis-à-vis the general meeting of shareholders of an SE correspond to the reporting obligations of the board of directors of a public limited-liability company vis-à-vis the general meeting of shareholders of a public limited-liability company.

In addition, pursuant to Article 114 et seq. of the Bulgarian Public Offering of Securities Act, the board of directors of a Bulgarian public limited-liability company shall prepare and submit to the general meeting of shareholders a reasoned report with regard to the expediency and the terms and conditions of transactions which fall within the scope of Article 114 et seq. of the Bulgarian Public Offering of Securities Act. In case of transactions related to subsidiary companies, Article 114, para. 3 and para. 4 of the Bulgarian Public Offering of Securities Act apply and the conclusion of such transaction is subject to prior approval by the board of directors.

The Bulgarian Public Offering of Securities Act (Chapter Six "a") requires that disclosure of information shall be made on a regular basis. The reports have to be prepared in accordance with the principles of true and faithful accounting. They are to be made on annual basis, 6-months basis and quarterly basis and must contain information as investors may need to make a reasoned investment decision.

The provisions of the Bulgarian Public Offering of Securities Act treat every listed company identically, regardless of its type, so no changes occur as a result of the conversion of SHELLY GROUP PLC into an SE with respect to the reporting obligations of the board of directors provided for in the Bulgarian Public Offering of Securities Act.

4.1.7. Obligations of the Board of Directors in the Case of Loss, Over-indebtedness or Insolvency

As is the case with a public limited-liability company, the board of directors of an SE is under an obligation to convene the general meeting of shareholders in the case of reported losses, the total amount of which exceeds half of the subscribed capital (Article 222, para. 3 of the Bulgarian Commerce Act in connection with Article 9, para. 1, lit. "c", item (ii) of the SE Regulation). The Board of Directors of an SE is under an obligation to apply for the institution of bankruptcy proceedings in the case of over-indebtedness or insolvency (Article 626, para. 1 of the Bulgarian Commerce Act in connection with Article 9, para. 1, lit. "c", item (ii) of the SE Regulation).

4.1.8. Duty of Care and Liability

Pursuant to Article 51 of the SE Regulation, the liability of the members of the board of directors of an SE is governed by the provisions applicable to public limited-liability companies in the country in which the SE's seat (registered office) is situated. According to Article 240, para. 2 of the Bulgarian Commerce Act, they are jointly liable for any damages caused to the company through fault of their own. In addition, Article 116c (*Cyrillic 116B*), para. 2 of the Bulgarian Public Offering of Securities Act provides that the members of the board of directors must deposit a bond guaranteeing their management services. In this regard, the conversion of SHELLY GROUP PLC into an SE does not lead to any changes concerning the responsibility of the members of the board of directors.

4.2. General Meeting of Shareholders

4.2.1. Rights of the General Meeting

The shareholders of a Bulgarian public limited-liability company exercise their rights relating to the matters of the company in the general meeting of shareholders. The general meeting of shareholders is the supreme body of the Company and has unlimited competence to resolve on matters concerning the company. The members of the board of directors, unless such members are shareholders, shall participate in the general meeting of shareholders in a non-voting capacity

(Article 220, para. 2 of the Bulgarian Commerce Act). Since these provisions also apply to the SE by virtue of Article 9, para. 1, lit. "c", item (ii) of the SE Regulation and Article 53 of the SE Regulation, the conversion of SHELLY GROUP PLC into an SE does not lead to any changes in this regard.

The exclusive competence of the general meeting include amending and/or supplementing the statute of the company; increase and reduction of the capital; transformation and termination of the company; determining the number of the members and the composition of the board of directors, determining the remuneration of its members, including the ability to acquire part of the company's profits, options, shares or bonds; exercising control over the activities of the board of directors and relieving its members of liability; designation of auditor(s); approval of the annual financial reports after certification by the auditor(s) designated; distribution of the profits, replenishment of the Reserve Fund and payment of dividends; issuance of bonds and other corporate instruments; appointment of liquidators upon termination of the Company through liquidation proceedings; authorizing the board of directors to conclude transactions under Article 114, para. 1 of the Public Offering of Securities Act, approving the distribution of the profits and the payment of the annual and / or 6-month interim dividend proposed by the board of directors (Article 221 of the Bulgarian Commerce Act and Article 19 of the Statute of SHELLY GROUP PLC).

In addition, in an SE, pursuant to Article 52 of the SE Regulation, the general meeting resolves on matters for which it has exclusive competence pursuant to the SE Regulation or the legislation of the Member State in which the SE's seat (registered office) is situated. These include, in particular, the transfer of the seat (Article 8 of the SE Regulation) as well as the reconversion into a national public limited-liability company (Article 66, para. 6 of the SE Regulation). A reconversion resolution may only be passed after two years have elapsed since the registration of the SE or after the first two annual financial reports have been approved.

4.2.2. Relief of the Board of Directors of Liability

The general meeting of shareholders of a Bulgarian public limited-liability company resolves upon the relief of the members of the board of directors of liability. With its resolution, it approves the management of the company by the members of the board of directors (Article 221, item 10 of the Bulgarian Commerce Act).

By virtue of the transmission provision in Articles 52 and 53 of the SE Regulation, the aforementioned provisions of the Bulgarian Commerce Act also apply, without restriction, to the SE.

4.2.3. Convening the General Meeting

In an SE, the general meeting may be convened at any time by the board of directors in accordance with the national law applicable to public limited-liability companies in the Member State where the SE's seat (registered office) is situated (Article 54, para. 2 of the SE Regulation). The organization and conduct of the general meeting as well as the voting procedure are also governed by the provisions of the Bulgarian Commerce Act (Article 53 of the SE Regulation). The general meeting of an SE is held at least once each calendar year within six months of the completion of the financial year (Article 54, para. 1 of the SE Regulation). Same term is stipulated in Article 222, para. 2 of the Bulgarian Commerce Act. The conversion of SHELLY GROUP PLC into an SE does not lead to any changes in this regard.

4.2.4. Convening of the General Meeting Upon Request of a Minority / Supplementing the Agenda Upon Request of a Minority

The general meeting of a Bulgarian public limited-liability company is to be convened upon requisition of the shareholders, who have held shares, representing at least 5 percent of the capital, for more than three months. (Article 223, para. 1 of the Bulgarian Commerce Act). If, within

one month following the requisition of the shareholders, holding at least 5 percent of the capital, the requisition has not been granted or if the general meeting of shareholders is not held within 3 months after the requisition is made, the district court shall convene a general meeting of shareholders or shall empower the shareholders, requesting the general meeting to be convened, or a representative thereof, to convene the meeting. The fact that the shares have been held for more than three months shall be established before the court by a notarised declaration. (Article 223, para. 2 of Bulgarian Commerce Act).

Shareholders whose shares, in the aggregate, represent 5% of the subscribed capital may, after the notice to convene the meeting is announced in the commercial register or sent, include additional items in the General Meeting agenda (Article 223a, para. 1 of Bulgarian Commerce Act).

The convening of the general meeting of shareholders of an SE and the preparation of the agenda therefor may be requested by one or more shareholders who together hold at least 10% of the subscribed capital. The SE Regulation stipulates that the SE's statutes or national legislation may provide for a smaller proportion under the same conditions as those applicable to public limited-liability companies (Article 55, para. 1 of the SE Regulation). In the specific case, the Bulgarian legislation provides for a smaller percentage and given the provision of Article 55, para. 1 of the SE Regulation, it is precisely the smaller percentage of 5 percent that applies, instead of 10 percent, of the subscribed capital that is the upper limit provided for in the SE Regulation.

The request that a general meeting be convened has to state the items to be put on the agenda (Article 55, para. 2 of the SE Regulation). Upon a respective request, the district court shall convene a general meeting of shareholders or shall empower the shareholders, requesting the general meeting to convene it, if the general meeting has not been held in due time or within two months, at the latest, after the request for convening a general meeting has been made (Article 55, para. 3 of the SE Regulation). The term stipulated in Article 55, para. 3 of the SE Regulation is shorter than the three-month period provided for in the Bulgarian legislation. In this case, the shorter term applies.

In contrast to Article 223, para. 1 of the Bulgarian Commerce Act, a minimum holding period of three months before making the request is not a condition precedent for the request in the case of an SE.

The procedures and time frames applicable to such requests are governed, in the case of an SE having its seat in Bulgaria, by the Bulgarian Commerce Act (cf. Article 56, sentence 2 of the SE Regulation in connection with Article 223a, para. 1 of the Bulgarian Commerce Act).

In effect, thereby the provisions of the SE Regulation are identical or similar to the provisions of Bulgarian Commerce Act with the consequence that the conversion of SHELLY GROUP PLC into an SE does not lead to any significant changes.

4.2.5. Organization and Conduct of the General Meeting

With regard to the organization and conduct of the general meeting of an SE, the SE Regulation makes reference to the provisions of the Bulgarian Commerce Act (cf. Article 53, Article 54, para. 2 and Article 9, para. 1, lit. "c", item (ii) of the SE Regulation). In this regard, the conversion of SHELLY GROUP PLC into an SE does not lead to any changes.

4.2.6. Right to Information

In order to exercise their rights, the shareholders of a public limited-liability company require sufficient information about the company. The primary source of such information are the annual financial reports, including the notes thereto, and the management report of the Board of Directors. Pursuant to Article 224 of the Bulgarian Commerce Act, all written materials, related to the agenda of the General Meeting, must be made available to the shareholders no later than the

date the announcement is made or the notices to convene the General Meeting are sent. Upon request, the written materials shall be made available to any shareholder free of charge.

In addition, the Bulgarian Public Offering of Securities Act (Chapter Six "a") requires that disclosure of information shall be made on a regular basis (cf. point 4.1.6 above).

The right to sufficient information is also granted to the shareholders of an SE. By virtue of Article 9, para. 1, lit. "c", item (ii) of the SE Regulation, the aforementioned provisions of the Bulgarian Commerce Act and the Bulgarian Public Offering of Securities Act also apply to the SE. Thus, the information rights of the shareholders of SHELLY GROUP PLC are in no way affected by the conversion of SHELLY GROUP PLC into an SE.

4.2.7. Procedure at the General Meeting

Articles 225-228 of Bulgarian Commerce Act stipulate procedure for the preparation and conduct of the general meeting. By virtue of Article 9, para. 1, lit. "c", item (ii) of the SE Regulation, the aforementioned provisions of the Bulgarian Commerce Act also apply to the SE. Thus, the rules of procedure of the General Meeting of SHELLY GROUP PLC are in no way affected by the conversion of SHELLY GROUP PLC into an SE.

4.2.8. Resolutions of the General Meeting by Simple Majority

The passing of resolutions of the general meeting of a Bulgarian public limited-liability company requires the majority of the votes cast of the shares represented (simple majority of votes), unless a larger majority or additional requirements are stipulated by statutory law or the Statute (Article 230, para. 1 of the Bulgarian Commerce Act). The resolutions of the general meeting of an SE are passed by a majority of the votes validly cast, save where a larger majority is stipulated by the SE Regulation, by the Bulgarian Commerce Act or other provisions of law applicable to a public limited-liability company having their seat (registered office) in Bulgaria (Article 57 of the SE Regulation). Thus, the principle of a simple majority of votes for resolutions of the general meeting is not affected by the conversion of SHELLY GROUP PLC into an SE.

4.2.9. Resolutions of the General Meeting Involving larger majority

In case of amendment and supplement of the statute, increase or reduction of the capital and dissolution of the company a majority of at least two thirds of the capital represented at the general meeting is required and resolution may be passed only if at least one-half of the capital is represented at the general meeting (Article 227, para. 2 and Article 230, para. 2 of the Bulgarian Commerce Act). The statute may provide for stricter requirements for quorum and majority in these cases.

According to Article 21, para. 2 and Article 22, para. 1, item (i) of the Statute of SHELLY GROUP PLC a qualified majority of at least two thirds of the shares represented and at least two thirds of all voting shares to be represented at the General Meeting is required for a resolution for amending and/or supplementing the statute of the Company; increase and reduction of the capital; transformation and termination of the Company; determining the number of the members and the composition of the board of directors, determining the remuneration of its members, including the ability to acquire part of the company's profits, options, shares or bonds; and issuance of bonds and other corporate instruments.

In the case of an SE, amendments of the statutes require a resolution of the general meeting passed by a majority of at least two thirds of the votes cast, provided that the legal provisions applicable to public limited-liability companies do not stipulate or allow for larger majority requirements (Article 59, para. 1 of the SE Regulation).

In the Statute of SHELLY GROUP SE a qualified majority is also required with regard to transfer of the seat and registered address of management in another Member State of the European Union

and conversion of the company back into a public limited liability company, governed by the Bulgarian law, pursuant to the SE Regulation. Save for as stated in the preceding sentence, the conversion of SHELLY GROUP PLC into an SE does not lead to any changes.

4.2.10. Preference Shares

The SE Regulation does not contain express provisions regarding preference shares. Article 178 para. 1, sentence 2 of the Bulgarian Commerce Act provides that preference shares may be issued. However, Article 111, para. 4 of the Bulgarian Public Offering of Securities Act stipulates that issuance of preference shares is not allowed to listed companies. By virtue of Article 9, para. 1, lit. "c", item (ii) of the SE Regulation and the transmission provision in Article 5 of the SE Regulation, the provisions under Bulgarian Commerce Act and Bulgarian Public Offering of Securities Act regarding preference shares apply, with the consequence that in this regard there are no changes in the case of an SE.

4.2.11. Liability Claims Against Corporate Bodies / Shareholder Lawsuits

The SE Regulation does not contain any provisions regarding the assertion of claims for damages or shareholder lawsuits. By virtue of Article 9, para. 1, lit. "c", item (ii) of the SE Regulation, the provisions of the Bulgarian Commerce Act and the Bulgarian Public Offering of Securities Act apply. Accordingly, the conversion of SHELLY GROUP PLC does not lead to any changes in this regard.

5. Annual Financial Reports / Consolidated Financial Reports

Pursuant to Article 61 of the SE Regulation, the preparation of the annual financial reports and the consolidated financial reports, including related management reports, as well as the auditing and publication of the financial reports are governed by the legal provisions applicable to a Bulgarian public limited-liability company. In addition, the provisions of the Bulgarian Commerce Act and the Bulgarian Public Offering of Securities Act apply by virtue of Article 9, para. 1, lit. "c", item (ii) and Article 52 of the SE Regulation, with the consequence that the conversion of SHELLY GROUP PLC into an SE does not lead to any changes in this regard.

6. Capital Increase and Capital Reduction

As a general rule, with regard to capital increase and capital reduction the provisions of the Bulgarian Commerce Act and the Bulgarian Public Offering of Securities Act also apply to the SE.

7. Winding up of the Company and Related Procedures

With regard to the winding up, liquidation, insolvency, cessation of payments and similar procedures, an SE is governed by the legal provisions applicable to a public limited-liability company; this includes the provisions relating to passing of resolutions by the general meeting (Article 63 of the SE Regulation) with the consequence that the conversion of SHELLY GROUP PLC into an SE does not lead to any changes.

However, in contrast to a public limited-liability company, a resolution to transfer the seat (registered office) to another Member State does not constitute a winding-up resolution in the case of an SE, since the transfer of the seat of an SE into another Member State is permitted by Article 8 of the SE Regulation.

8. Deregistration

By virtue of Article 9, para. 1, lit. "c", item (ii) of the SE Regulation, the provisions governing the deregistration of a public limited-liability company also apply to an SE the seat of which is situated in Bulgaria, with the consequence that the conversion of SHELLY GROUP PLC into an SE does not lead to any changes in this regard.

9. Criminal Law and Civil Penalty Provisions

Since legal entities are not subject to the Bulgarian criminal law, this also applies to an SE, therefore the conversion does not lead to any changes in this regard, either.

V. IMPLEMENTATION OF THE CONVERSION OF SHELLY GROUP PLC INTO SHELLY GROUP SE

1. Preparation of the Conversion Plan

Pursuant to Article 37, para. 4 of the SE Regulation, the Board of Directors has to prepare a conversion plan for the conversion of the company into an SE. The SE Regulation does not stipulate any requirements as to the content of the conversion plan (cf. Article 37 of the SE Regulation). To the extent that Article 37, para. 4 of the SE Regulation stipulates requirements with regard to the statements relating to the legal and economic aspects, these refer to the conversion report to be prepared by the Board of Directors.

As a guideline for the content of the Conversion Plan, the Board of Directors of SHELLY GROUP PLC has currently resorted to the requirements stipulated by Article 264a of the Bulgarian Commerce Act, taking into account the provision of Article 37, para. 2 of the SE Regulation according to which the conversion of a public limited-liability company into an SE shall not result in the winding up of the company or in the creation of a new legal person. In this regard, all provisions of Chapter Sixteen, Section III of the Bulgarian Commerce Act, which contradict Article 37, para. 2 of the SE Regulation, shall be deemed to be amended accordingly by assuming that the "*converting company*" and the "*newly incorporated company*" are the same legal entity or totally inapplicable due to conflict with the SE Regulation, for example and without limitation to the provision of Article 264, para. 1, sentence 2 of the Bulgarian Commerce Act.

The Conversion Plan prepared by the Board of Directors, including the draft of the Statute of SHELLY GROUP SE, is discussed in more detail in Section VI of this Conversion Report.

The Board of Directors has approved the Conversion Plan (including the draft of the Statute of SHELLY GROUP SE) in its final version simultaneously with the approval of this Conversion Report. The Board of Directors plans to submit for approval the Conversion Plan (including the draft of the Statute of SHELLY GROUP SE) at an extraordinary general meeting of shareholders of SHELLY GROUP PLC, planned to be held in October 2024.

From the date of convening of the extraordinary general meeting of shareholders of SHELLY GROUP PLC, the Conversion Plan, the Auditor's Report pursuant to Article 37, paragraph 6 of SE Regulation, as well as this Conversion Report will be available for inspection at the office of SHELLY GROUP PLC at 103 Cherni Vrah Blvd., Lozenets Region, Sofia Municipality, Sofia 1407, Bulgaria. In addition, they will be available on the Internet at <https://corporate.shelly.com>. Upon request, a copy of these documents will be given to each shareholder promptly and free of charge.

2. Conversion Audit

Before a resolution for the conversion into an SE is passed by the general meeting of SHELLY GROUP PLC, pursuant to Article 37, para. 6 of the SE Regulation it is required that one or more independent experts issue a report on the audit of the conversion, certifying that the net assets of the company are at least equivalent to its subscribed capital plus those reserves which pursuant to statutory provisions or the Statute may not be distributed.

In this regard, in preparation of the conversion, on the 5th of March 2024 the Board of Directors of SHELLY GROUP PLC has filed an application before the Bulgarian Registry Agency - Commercial Register and Register of Non-Profit Legal Entities for the appointment of an independent expert pursuant to Article 37, para. 6 of the SE Regulation in connection with Article 264b of the Bulgarian

Commerce Act. By Act of Appointment of Common Auditor No. 20240305113918/06.03.2024 the Bulgarian Registry Agency - Commercial Register and Register of Non-Profit Legal Entities has appointed MGI Delta Ltd., a Bulgarian limited liability company with UIC (*unified identity code*) 205150714, auditor registered with the Register of Registered Auditors of the Institute of Chartered Certified Accountants under individual number 177.

3. General Meeting of Shareholders of SHELLY GROUP PLC

The Conversion Plan and the draft Statute of SHELLY GROUP SE require an approval by the general meeting of shareholders of SHELLY GROUP PLC (Article 37, para. 7 of the SE Regulation).

Therefore, the Board of Directors of SHELLY GROUP PLC will submit for approval the Conversion Plan, including the draft Statute of SHELLY GROUP SE, to an extraordinary general meeting of shareholders of SHELLY GROUP PLC, planned to be held in October 2024.

Section 4 of the Conversion Plan includes a stipulation that the members of the Board of Directors of SHELLY GROUP PLC shall be re-elected as members of SHELLY GROUP SE with a term of office which expires on the same date as their current term of office and preservation of their rights under the current Scheme for Providing the Executive Members of the Board of Directors with Remuneration in Shares, adopted in implementation of the Remuneration Policy of SHELLY GROUP PLC.

4. Conduction of a Procedure for Involvement of the Employees

In the course of the conversion of SHELLY GROUP PLC into an SE, a procedure for the involvement of employees in the future SHELLY GROUP SE is to be conducted. The objective is the conclusion of an agreement regarding involvement of the employees in the SE after negotiations between the Board of Directors of SHELLY GROUP PLC and a special negotiating body composed of representatives of the employees.

The details of this procedure are described in Section 5 of the Conversion Plan and are commented on in Section VI of this report.

5. Registration of the Conversion into an SE

After approval has been granted by the general meeting of SHELLY GROUP PLC and after the conduction of the employee involvement procedure, the conversion can be filed with the Bulgarian Registry Agency - Commercial Register and Register of Non-Profit Legal Entities and the entry in the register be made. Upon registration in the register, the change of the legal form of SHELLY GROUP PLC into SHELLY GROUP SE becomes effective.

The filing of the conversion for registration in the Bulgarian Registry Agency - Commercial Register and Register of Non-Profit Legal Entities has to be made by a representative of SHELLY GROUP PLC as the company changing its legal form.

Furthermore, the conversion into an SE may only be registered in the commercial register, only if the procedure regarding the involvement of the employees has been completed.

The statute of future SHELLY GROUP SE may not, at any time, contradict a negotiated agreement on employee involvement (Article 12, para. 4 of the SE Regulation). In the case of such contradiction, the statute shall be amended by resolution of the general meeting of SHELLY GROUP PLC.

Subject to all registration requirements being met the conversion is to be registered in the Bulgarian Registry Agency - Commercial Register and Register of Non-Profit Legal Entities. In contrast to the procedures providing for the formation of an SE as a new legal entity (cf. e.g. Article 16, para. 1 of the SE Regulation), when an existing public limited-liability company is converted into an SE, it is not being dissolved, but only changes its legal form (cf. Article 37, para. 2 of the SE Regulation).

VI. COMMENTS

1. Comments on the Conversion Plan

1.1. Conversion of SHELLY GROUP PLC into SHELLY GROUP SE (Section 1 of the Conversion Plan)

Section 1 of the Conversion Plan stipulates that SHELLY GROUP PLC is to be converted into a Societas Europaea (SE) pursuant to Article 2, para. 4 in connection with Article 37 of the SE Regulation and Chapter Nineteenth of Bulgarian Commerce Act for the European company (SE).

Pursuant to Article 2, para. 4 of the SE Regulation a public limited-liability company, formed under the law of a Member State, which has its seat (registered office) and head office within the Community may be transformed into an SE if for at least two years it has had a subsidiary company governed by the law of another Member State. For more than two years SHELLY GROUP PLC has had a subsidiary which is governed by the laws of another Member State of the EU, namely SHELLY DACH GmbH with its registered address at Lothstr. 5, 80335 Munich, Germany, registered in the German Register of Companies under Identification number HRB 271205, which was established by SHELLY GROUP PLC on 25 November 2021. The share capital of SHELLY DACH GmbH remains fully owned by SHELLY GROUP PLC since its establishment. The requirements for the conversion of SHELLY GROUP PLC into SHELLY GROUP SE pursuant to Article 2, para. 4 of the SE Regulation are thereby fulfilled.

The conversion of SHELLY GROUP PLC into an SE does neither lead to a winding up of the company nor to the formation of a new legal entity. The interests of the shareholders in the Company continue to exist unchanged because of the preservation of the identity of the legal entity.

1.2. Effectiveness of the Conversion (Section 2 of the Conversion Plan)

The conversion becomes effective upon its registration in the Bulgarian Registry Agency - Commercial Register and Register of Non-Profit Legal Entities. The registration may only occur after the conclusion of the employee involvement procedure.

The procedure is commented in more detail in item 1.5 of this section.

1.3. Basic Data of SHELLY GROUP SE (Section 3 of the Conversion Plan)

Section 3 of the Conversion Plan determines the company name, seat and registered address of management, unified identity code, scope of business activities, subscribed capital and Statute of SHELLY GROUP SE.

The future company name of SHELLY GROUP PLC is SHELLY GROUP SE ("*ШЕЛЛИ ГРУП ЕД*" in Bulgarian). This change of the company name is mandatory, because an SE must place the addition "SE" ("*ЕД*" in Bulgarian) in front of or behind its company name (Article 11, para. 1 of the SE Regulation).

Pursuant to Section 3.4 the registered address of management of the Company will be relocated from 103 Cherni Vrah Blvd., Lozenets Region, Sofia Municipality, Sofia 1407, Republic of Bulgaria to 53 Cherni Vrah Blvd., Building 3, Lozenets Region, Sofia Municipality, Sofia 1407, Republic of Bulgaria. This is also the place of its head office. The company seat remains in Sofia, Republic of Bulgaria.

The change of the registered address of management is not related to the conversion, but requires an approval of the general meeting of the shareholders of SHELLY GROUP PLC and an amendment of its Statute, therefore it will be combined with the approval of the Conversion Plan.

The preservation of the identity of the legal entity pursuant to Article 37, para. 2 of the SE Regulation requires that the registration of SHELLY GROUP SE in the Bulgarian Registry Agency - Commercial Register and Register of Non-Profit Legal Entities is made under the same unified identification code as that of SHELLY GROUP PLC, because the unified identification code is the only unique identifier of legal entities according to the Bulgarian law.

Pursuant to Section 3.4 the scope of business activities of SHELLY GROUP SE corresponds to the scope of business activities of SHELLY GROUP PLC.

Section 3.5 of the Conversion Plan contains stipulations regarding the subscribed capital. Pursuant to these stipulations, the subscribed capital of SHELLY GROUP PLC in the amount existing at the point in time of the registration of the conversion in the commercial register (current amount: BGN 18 050 945 (eighteen million fifty thousand nine hundred and forty-five), divided in 18 050 945 (eighteen million fifty thousand nine hundred and forty-five) dematerialized ordinary registered voting shares with nominal value of BGN 1 (one) for each share, becomes the subscribed capital of SHELLY GROUP SE pursuant to Article 37, para. 2 of the SE Regulation. As the third phase of economic and monetary union (EMU) does not yet apply to Bulgaria, the capital of SHELLY GROUP SE is expressed in BGN (cf. Article 67, para. 1 of the SE Regulation).

The shareholders of SHELLY GROUP PLC will hold an interest in the subscribed capital of SHELLY GROUP SE in the same extent and with the same number shares as they did in respect of the subscribed capital of SHELLY GROUP PLC prior to the conversion becoming effective.

Section 3.6 stipulates that the Statute of SHELLY GROUP SE is an enclosure to and is integral part of the Conversion Plan. The Statute is commented on in detail below in item 2 of this section.

1.4. Board of Directors (Section 4 of the Conversion Plan)

The SE Regulation does not contain any explicit provisions regarding the preservation of the term of office by the members of the board of directors. It may be inferred from the provision of Article 37, para. 2 of the SE Regulation that the members of the board of directors retain their term of office unless the conversion includes change of the management system from a one-tier system to a two-tier system. By virtue of Article 9, para. 1, lit. "c", item (ii) of the SE Regulation, the Bulgarian legislation applies, however this issue is not governed in the Bulgarian legislation either. For the sake of clarity, Section 4 of the Conversion Plan includes a stipulation that the members of the Board of Directors of SHELLY GROUP PLC shall be re-elected as members of SHELLY GROUP SE with a term of office which expires on the same date as their current term of office, precisely 5 January 2026.

The current members of the board of Board of Directors of SHELLY GROUP PLC are:

- Mr. Dimitar Stoyanov Dimitrov;
- Mr. Svetlin Iliev Todorov;
- Mr. Nikolay Angelov Martinov;
- Mr. Wolfgang Kirsch; and
- Mr. Christoph Vilanek.

In addition, it is provided in Section 4 of the Conversion Plan that the members of the Board of Directors of SHELLY GROUP SE, shall retain their remunerations in the same amount and their rights under the current Scheme for providing the Executive Members of the Board of Directors with Remuneration in Shares, adopted in implementation of the Remuneration Policy of SHELLY GROUP PLC.

It will also be proposed to the extraordinary general meeting of the shareholders, that is planned to be convened in order to approve the Conversion Plan, to pass an explicit resolution in this regard.

1.5. Information on the Procedure for Arrangements for Employee Involvement (Section 5 of the Conversion Plan)

Section 5 of the Conversion Plan contains particulars regarding the procedure by which the employee involvement is to be arranged pursuant to Directive 2001/86/EC, AICWEMEGEEC and the national

laws transposing Directive 2001/86/EC in the other Member States of the EU in which the companies of the Group have employees.

The extent of the involvement of the employees in the SE is determined by the definition in §1, item 19 of the Supplementary Provisions of AICWEMEGEEC which, essentially, follows Article 2, lit. "h" of Directive 2001/86/EC.

"Involvement of employees" is the collective term for any mechanism, including, in particular, information, consultation and participation, through which employees' representatives may exercise an influence on decisions to be taken within the company.

"Information" and "consultation" are not defined with the Bulgarian AICWEMEGEEC and for this reason the definitions provided in Article 2, lit. "i" and "j" of Directive 2001/86/EC apply, whereas:

"information" in this context means the informing of the body representative of the employees and/or employees' representatives by the Board of Directors of SHELLY GROUP SE on questions which concern the SE itself and any of its subsidiaries or establishments situated in another Member State or which exceed the powers of the decision-making organs in a single Member State at a time, in a manner and with a content which allows the employees' representatives to undertake an in-depth assessment of the possible impact and, where appropriate, prepare consultations with the competent organ of the SE; and

"consultation" in this context means the establishment of dialogue and exchange of views between the body representative of the employees and/or the employees' representatives and the Board of Directors of SHELLY GROUP SE, at a time, in a manner and with a content which allows the employees' representatives, on the basis of information provided, to express an opinion on measures envisaged by the Board of Directors of SHELLY GROUP SE which may be taken into account in the decision-making process within the SE;

The most far-reaching influence is being conferred by "participation"¹. According to §1, item 20 of the Supplementary Provisions of the Bulgarian AICWEMEGEEC the term means the ability of the body representative of the employees and/or the employees' representatives to participate in the affairs of the company by way of exercise of the right: (i) to elect or appoint some of the members of the company's supervisory or administrative organ, or (ii) to recommend and/or oppose the appointment of some or all of the members of the company's supervisory or administrative organ.

1.5.1. Current Situation

The procedure for the involvement of employees is characterized by the principle of protecting the participation rights acquired by the employees. Presently, none of the employees has any participation rights in any of the Group companies, therefore the provisions protecting the participation rights acquired by the employees (cf. e.g. Article 14, para. 8 of AICWEMEGEEC) do not apply.

In addition, in none of the Group companies the employees enjoy information or consultation rights that go beyond the scope of the rights granted to them according to the national laws applicable in the Member State of the EU in which they are employed.

1.5.2. Establishment of a Special Negotiating Body Procedure

Pursuant to the provisions of Article 3 of Directive 2001/86/EC and respectively of Article 12 of AICWEMEGEEC, the procedure for arrangements for employee involvement commences with the

¹ In AICWEMEGEEC, as well as in the official Bulgarian translation of Directive 2001/86/EC, the same term is used, namely "участие", which simultaneously means the collective term "участие" (in English "involvement"), as well as "участие" as per §1, item 20 of the Supplementary Provisions of AICWEMEGEEC (in English "participation"). For the sake of clarity, in this document, when referring to participation as per §1, item 20 of the Supplementary Provisions of AICWEMEGEEC, the term "участие в управлението" is used (in the Bulgarian version).

provision by SHELLY GROUP PLC of information about the identity of the participating companies, about the subsidiaries or establishments concerned, and about the number of employees thereof to the leaderships of the trade union organizations in the undertaking and to the employees' representatives referred to in Article 7, para. 2 of the Labour Code for the purpose of establishment of a special negotiating body.

Taking into consideration the legal gaps found in the Bulgarian legislation concerning the procedure for establishment of a special negotiating body, the Board of Directors of SHELLY GROUP PLC has adopted Rules of Procedure for the Establishment of a Special Negotiating Body (the "SNB Rules"), with the purpose of systematizing, supplementing and specifying of the regulations related to the establishment of the special negotiating body and the determination of its members.

In the specific case, as an example, there are no established trade union organizations or other representatives of the employees in any of the Group companies. Due to this reason, the SNB Rules provide that the information under Article 12 of the AICWEMEGEEC shall be provided directly to the employees in the form of an Informational Document prepared by the Board of Directors of SHELLY GROUP PLC.

The election or appointment of the members of the special negotiating body is carried out in accordance with the legislation of the respective Member State in which the employees are employed by SHELLY GROUP PLC or another Group company. In the SNB Rules, it is also provided, as an addition to the Informational Document, to be provided information on the rules for the election or respectively appointment of members of the special negotiating body, applicable in the respective Member State.

Taking into consideration the absence of legal regulation on the question of whose initiative it is to hold the first (constitutional) meeting of the special negotiating body, as well as the practical issues regarding the exchange of contact details between the elected or respectively appointed members of the special negotiating body with respect to the organization of the first meeting, the SNB Rules introduce the figure of a coordinator to take care of the exchange of contact details between the members of the special negotiating body elected or appointed in the different Member States, as well as to facilitate the organization of the first meeting of the special negotiating body. The coordinator is determined by the Board of Directors of SHELLY GROUP PLC and his/her contact details are also part of the Informational Document.

The Informational Document, together with the SNB Rules and information on the procedure for the election or appointment of members of the special negotiating body according to the relevant national legislation shall be translated into the official language of the Member State concerned and made available to the employees by sending via e-mail and/or by placing in a prominent place in the work premises. In this way, the employees are provided with much more information compared to the requirements of AICWEMEGEEC in order to enable the employees to gain a more complete understanding of the procedure.

1.5.3. Allocation of the Seats in the Special Negotiating Body

The allocation of the seats in the Special Negotiating Body to the individual Member States of the EU in which the Group companies have employees follows the following basic principle:

Each Member State of the EU in which the Group companies have employees is allocated at least one seat. The number of seats allocated to a Member State of the EU is increased by 1 in each case where the number of employees employed in this Member State of the EU exceeds the thresholds of 10%, 20%, 30% etc. of all employees of the Group companies within the EU. Due to the absence of legislation on the relevant point in time for determination of the allocation of

places, the SNB Rules stipulate this to be the moment of adoption of the Conversion Plan (cf. §2(2)(iv) of the SNB Rules). It should be noted that where the ratios determining the number of seats in the special negotiating body are changed, in the Member States affected by the change, a new election or appointment shall be carried out (cf. Article 13, para. 7 of AICWEMEGEEC).

On the basis of the employee figures of the Group companies in the individual Member States of the EU as at the time of adoption of the Conversion Plan, the following allocation of seats applies:

<i>Member State</i>	<i>Entity</i>	<i>Employees</i>	<i>Total</i>
Bulgaria	SHELLY GROUP PLC (Sofia)	[6]	[200]
	Shelly Europe EOOD (Sofia)	[134]	
	Shelly Trading EOOD (Sofia)	[60]	
	Shelly Properties EOOD (Sofia)	[0]	
Germany	Shelly DACH GmbH (Munich)	[13]	[13]
Slovenia	Shelly Tech d.o.o. (Solkan)	[20]	[20]
			[233]

1.5.4. Time frames

After the determination (by election or appointment, respectively) of all members of the special negotiating body, the coordinator may convene the first (constituent) meeting of the special negotiating body.

In the event that within 10 weeks as of the adoption of the Conversion Plan, not all members of the special negotiating body have been determined, the coordinator may convene the first meeting of the special negotiating body when the number of the determined members is enough to form a majority of two thirds of the members of the special negotiating body representing at least two thirds of the employees of the Group companies within the EU, including the members representing employees employed in at least two Member States ("**Super Majority**") (cf. §5(1) of the SNB Rules).

The negotiations period starts with the first meeting of the special negotiating body and may last up to 6 months. The parties may agree to extend the negotiations beyond this period, but for no more than a total of one year from the establishment of the special negotiating body.

Members who are being determined during the course of the negotiations are not finally excluded; they may, at any time, participate in the negotiation procedure. However, a member joining the ongoing negotiations has to accept the current status of the negotiations at that time.

1.5.5. Possible Outcomes of the Negotiation Procedure

The objective of the negotiations is the conclusion of an agreement regarding the involvement of employees in SHELLY GROUP SE. Article 12, para. 4 of the SE Regulation stipulates that the statutes of the SE may not, at any time, contradict a negotiated agreement. Therefore, if necessary, the statute have to be amended by resolution of the general meeting of SHELLY GROUP PLC in case that a deviating stipulation regarding the participation of the employees is laid down in an agreement on the involvement of employees in future SHELLY GROUP SE.

The parties may agree to apply the standard rules covered under Articles 17 and 18 of

AICWEMEGEEC (the "**Standard Rules**"). The Standard Rules shall furthermore apply in case that the special negotiating body and the Board of Directors of SHELLY GROUP PLC have not reached agreement by the deadline for completion of the negotiations and the Board of Directors of SHELLY GROUP PLC has decided to accept the application of the Standard Rules in relation to the European Company and so to continue with registration of the conversion. In either case, the standard rules covered under Article 19 of AICWEMEGEEC shall not apply as none of the employees of SHELLY Group enjoys any participation rights prior to the conversion.

The conclusion of an agreement requires a resolution passed by an absolute majority of the members of the special negotiating body, provided that such a majority also represents an absolute majority of the employees ("**Absolute Majority**").

The special negotiating body may resolve by a Super Majority of its members not to open negotiations or to terminate negotiations already opened, and in such case the rules on information and consultation of employees which are in force in the Member States where SHELLY GROUP SE has employees shall apply. Passing of such a resolution shall terminate the procedure to conclude the agreement and the rules as per the preceding sentence shall apply instead.

1.5.6. Costs of the Special Negotiating Body

The necessary costs arising from the establishment and operation of the special negotiating body will be borne by SHELLY GROUP PLC (cf. Article 14, para. 10 of AICWEMEGEEC). The obligation to bear the costs includes the material and personal expenses incurred in connection with the activities of the special negotiating body, including the negotiations. In particular, premises, material resources (e.g. telephone, office equipment, required literature), internet access, interpreters and clerical staff required for meetings are to be provided and the travel and subsistence expenses of the members of the special negotiating body are to be met.

1.6. Other Consequences of the Conversion for the Employees

The employment contracts of the employees of SHELLY GROUP PLC as well as the employment contracts of the employees of the Group companies are not affected by the conversion. Equally, with the exception of the procedure for the involvement of employees, the conversion of SHELLY GROUP PLC into an SE does not have any consequences for the employees. Further, there are no other measures intended or planned as a consequence of the conversion which would affect the situation of the employees.

1.7. Partial Application of Article 264a, para. 2 of the Bulgarian Commerce Act

Pursuant to Article 264a, para. 2 of the Bulgarian Commerce Act the conversion plan shall contain, as a minimum, the following:

1. the legal form, the business name, the unified identification code and the seat of the newly incorporated company;
2. the exchange ratio of the shares, determined at a specific date;
3. the amount of, and time limit to make, any monetary payments, provided for according to Article 261b, para. 2;
4. a description of the shares or membership acquired by each partner or shareholder in the newly incorporated company, as well as details on any existing pledges and attachments;
5. the conditions on the allocation and handover of the shares of the newly incorporated company;
6. the rights received by the shareholders with special rights and holders of securities other than shares.

The Bulgarian Commerce Act does not provide for a conversion procedure without dissolution of the existing legal entity and establishment of a new company as its legal successor. The provision of Article 264a, para. 2 of the Bulgarian Commerce Act is based on the understanding that any transformation by change of the legal form leads to dissolution of the transforming company and to the establishment of a new company, which contradicts Article 37, para. 2 of the SE Regulation. The provisions of the SE Regulation prevail over the provisions of the national legislation, accordingly, taking into account the said contradiction, the application of Article 37, para. 2 of the SE Regulation excludes the application of Article 264a, para. 2, items 2-6 of the Bulgarian Commerce Act.

Specifically, given the preservation of the identity of the legal entity, the entire registered capital of SHELLY GROUP PLC by virtue of the law becomes the capital of SHELLY GROUP SE, and all relations between the company and its shareholders are also preserved, including their shareholder rights and the documents certifying such rights (shares). In this regard, there is no exchange of shares or other corporate instruments. Accordingly, given the absence of an exchange, there is also no exchange ratio (cf. 264a, para. 2, item 2 of the Bulgarian Commerce Act). Due to the absence of an exchange, there are also no monetary payments related to such exchange (cf. 264a, para. 2, item 3 of the Bulgarian Commerce Act). New shares or memberships (cf. 264a, para. 2, item 4 of the Bulgarian Commerce Act) are not acquired, because the relations between the company and its shareholders are preserved in their entirety, which includes the already issued shares. New shares are not issued, distributed or transferred (cf. 264a, para. 2, item 5 of the Bulgarian Commerce Act). The only change that follows from the conversion of SHELLY GROUP PLC into SHELLY GROUP SE is the correction of the company's name in the central securities register (CENTRAL DEPOSITORY AD) after the registration of the conversion in the Bulgarian Registry Agency - Commercial Register and Register of Non-Profit Legal Entities. There are no shareholders with special rights or holders of securities other than shares (cf. 264a, para. 2, item 6 of the Bulgarian Commerce Act) in the specific case, but even if such existed, due to the above reasons, the persons from the said categories should not be granted any replacement rights, but given the preservation of the identity of the legal entity, would retain exactly the same rights vis-à-vis the European company as they had vis-à-vis the public limited-liability company prior to the conversion.

2. Comments on the Statute of SHELLY GROUP SE

Upon effectiveness of the conversion, SHELLY GROUP PLC changes its legal form into an SE. The existing statute of SHELLY GROUP PLC will be replaced by the new statute of SHELLY GROUP SE. The draft of this statute is part of the Conversion Plan which is subject to approval by the General Meeting of Shareholders of SHELLY GROUP PLC.

The draft of the Statute of SHELLY GROUP SE is based on the existing statute of SHELLY GROUP PLC due to the fact that essentially the provisions of the SE Regulation, the Bulgarian Commerce Act and the Bulgarian Public Offering of Securities Act applicable to the statute of SHELLY GROUP SE correspond to the provisions applicable to the statute of a Bulgarian public limited-liability company.

2.1. Legal Status, Company Name, Seat and Registered Address of Management

As is the case with SHELLY GROUP PLC, the seat of SHELLY GROUP SE will be situated in Sofia, Republic of Bulgaria. The registered address of management is being changed due to reasons not related to the conversion to 53 Cherni Vrah Blvd., Building 3, Lozenets Region, Sofia Municipality, Sofia 1407, Republic of Bulgaria. This is also the place of its head office. The Statute of SHELLY GROUP SE is supplemented with new Article 3, para. 3, providing the option for the SE to transfer its seat (registered office) and registered address of management across borders within the EU without dissolution (Article 8 of the SE Regulation). Except for the alteration of the adjunct indicating the legal form from "PLC" into "SE", the company name will not be altered as a consequence of the conversion.

The alteration of the adjunct indicating the legal form is a mandatory requirement pursuant to Article 11, para. 1 of the SE Regulation.

2.2. Scope of Business Activities

The scope of business activities of SHELLY GROUP SE is the same with the scope of business activities of SHELLY GROUP PLC, without any changes of its content.

2.3. Term of the company

The term of SHELLY GROUP SE is the same with the term of SHELLY GROUP PLC, without any change. The company is established for an indefinite period of time and its existence is not limited by other modalities.

2.4. Capital. Contributions. Shares

2.4.1. Amount and Division of the Subscribed Capital

In Article 6, para. 1 of the Statute of SHELLY GROUP SE, provisions are made for the subscribed capital and the division into dematerialized ordinary registered voting shares. There is no difference with the Statute of SHELLY GROUP PLC.

In Article 6, para. 2 it is stated that the subscribed capital of SHELLY GROUP SE was provided by way of conversion of SHELLY GROUP PLC into a European Company (SE).

2.4.2. Capital Increase

Provisions governing capital increase are stipulated in Article 7 of the Statute of SHELLY GROUP SE, which are almost the same with the provisions governing capital increase in the Statute of SHELLY GROUP PLC. There are essentially no changes in this regard, save for changes improving the wording.

2.4.3. Authorized Capital

Article 7, para. 9 of the Statute of SHELLY GROUP SE stipulates for an authorization of the Board of Directors of SHELLY GROUP SE to increase the capital until a total nominal value of BGN 25,000,000 (twenty-five million) is reached. This authorization functionally replaces the authorization currently existing at SHELLY GROUP PLC with renewal of the five years term.

2.4.4. Capital Reduction

Provisions for reduction of the capital are stipulated in Article 8 of the Statute of SHELLY GROUP SE, which are the same with the provisions for reduction of the capital in the Statute of SHELLY GROUP PLC. There are no changes in this regard.

2.4.5. Contributions

Article 9 of the Statute of SHELLY GROUP SE corresponds to Article 9 of the Statute of SHELLY GROUP PLC regarding the subscribed shares and the contributions to the capital. There are essentially no changes in this regard, save for changes improving the wording.

2.4.6. Shares

Article 10 of the Statute of SHELLY GROUP SE corresponds to Article 10 of the Statute of SHELLY GROUP PLC regarding the type of shares and rights deriving from the shares. There are essentially no changes in this regard, save for changes improving the wording.

2.5. Shareholders. Right to information. Minority rights.

Articles 11-13 of the Statute of SHELLY GROUP SE correspond to Article 11-13 of the Statute of SHELLY GROUP PLC regarding the status of shareholders and their rights, including right of information and minority rights. There are no changes in this regard.

2.6. Transfer of Shares. Acquisition of treasury shares.

Articles 14-15 of the Statute of SHELLY GROUP SE correspond to Article 11-13 of the Statute of SHELLY GROUP PLC regarding the transfer of shares and acquisition and transfer of treasury shares. There are essentially no changes in this regard, save for changes improving the wording.

2.7. Corporate Bodies of the Company

The SE Regulation pursuant to its Article 38, lit. "b" offers a choice between a two-tier system (supervisory organ and managing organ) and a one-tier system (administrative organ). SHELLY GROUP SE has opted in favour of the one-tier system, which corresponds to the present structure of SHELLY GROUP PLC. Accordingly, Article 16, para. 1 of the Statute of SHELLY GROUP SE stipulates, in accordance with Article 38, lit. "b" of the SE Regulation, that the corporate bodies of the Company are board of directors and general meeting of shareholders. In addition, Article 16, para. 2 of the Statute of SHELLY GROUP SE provides the option for constitution of Advisory Board. Article 16 of the Statute of SHELLY GROUP SE corresponds to Article 16 of the Statute of SHELLY GROUP PLC. There are no changes in this regard.

2.8. Composition of the General Meeting of Shareholders. Participation by Proxy.

Articles 17-18 of the Statute of SHELLY GROUP SE correspond to Articles 17-18 of the Statute of SHELLY GROUP PLC regarding the composition of the general meeting of shareholders, participation of the shareholders in the meeting and representation of shareholders through a proxy. There are essentially no changes in this regard, save for changes improving the wording.

2.9. Competence of the General Meeting of Shareholders.

Article 19 of the Statute of SHELLY GROUP SE corresponds to Article 19 of the Statute of SHELLY GROUP PLC regarding the competence of the general meeting of shareholders with the difference that Article 19, para. 2 of the Statute of SHELLY GROUP SE is supplemented with new item (xiii), regarding the powers of the general meeting of shareholders in respect of passing a resolution on transfer of the seat (registered office) and registered address of management across borders within the EU without dissolution (Article 8 of SE Regulation) and new item (xiv) regarding the powers of the general meeting of shareholders in respect of the conversion of the European company into a public limited liability company, governed by Bulgarian law (Article 66 of SE Regulation). The provisions of items (viii) and (xi) are thematically reorganised in a way which essentially does not change the competences of the general meeting of shareholders.

2.10. Convening the General Meeting of Shareholders.

Article 20 of the Statute of SHELLY GROUP SE corresponds to Article 20 of the Statute of SHELLY GROUP PLC regarding the process and legal requirements to convene the General Meeting of Shareholders. There are no changes in this regard.

2.11. Quorum and Majority Requirements (General Meeting of the Shareholders)

According to Article 21, para. 2 and Article 22, para. 1, item (i) of the Statute of SHELLY GROUP PLC a qualified majority of at least 2/3 of the shares represented and at least 2/3 of all voting shares shall be represented at the general meeting for approval of a resolution for amending and/or supplementing the statute of the company; increase and reduction of the capital; transformation and dissolution of the company; determining the number of the members and the composition of the board of directors, determining the remuneration of its members, including the opportunity to acquire part of the company's profits, options, shares or bonds; and issuance of bonds and other corporate instruments. The same qualified requirements for quorum and majority apply according to the Statute of SHELLY GROUP SE, whereas the scope of the matters is extended to include also the new items added to Article 19, para. 2, precisely item (xiii) in regards of the transfer of the seat (registered office) and registered address of management of the SE across borders within the EU and

item (xiv) in regards of the conversion of the European company back into a public limited liability company, governed by the Bulgarian law.

For the approval of any other resolution a simple majority is required, provided that more than half of the shares with voting rights are represented.

The rules for approval of a resolution in case of a "falling quorum" (*less strict quorum requirements at an adjourned meeting*) have also been repeated, as well as the provisions regarding voting by electronic means and/or by correspondence.

2.12. Attendance List. Minutes of the General Meeting.

Articles 23-24 of the Statute of SHELLY GROUP SE correspond to Articles 23-24 of the Statute of SHELLY GROUP PLC regarding the attendance list of the shareholders present at the meeting or their representatives and the minutes of the general meeting. There are no changes in this regard.

2.13. Board of Directors

Article 25 of the Statute of SHELLY GROUP SE corresponds to Article 25 of the Statute of SHELLY GROUP PLC - the board of directors shall consist of 3 to 9 members, who shall be elected for a term determined by the general meeting of shareholders, not exceeding five years. The number of the members and the composition of the board of directors are determined by the general meeting of shareholders (Article 19, para. 2, item (iv) of the Statute of SHELLY GROUP SE). In an SE, the maximum term for members of corporate bodies is six years (Article 46, para. 1 of the SE Regulation). Thus, the proposed five-year term corresponds to the current situation.

Pursuant to Article 25, para. 3 of the Statute of SHELLY GROUP SE, the board of directors may authorize one or more persons of its membership to represent the company in compliance with the requirements of the Bulgarian Commerce Act. There are no changes in this regard.

2.14. Composition of the Board of Directors. Duties and Powers of the Members of the Board of Directors.

In general, Articles 26-28 of the Statute of SHELLY GROUP SE correspond to Articles 26-28 of the Statute of SHELLY GROUP PLC regarding the composition of the board of directors and the duties and the powers of its members.

The provision of Article 26, para. 2, item (iii) is changed in order to reflect a change in the Bulgarian Public Offering of Securities Act governing the same matter. In the provision of Article 28, para. 4 the words "by a simple majority" are deleted and as a result the general provision of Article 30, para. 1 of the Statute of SHELLY GROUP SE, requiring a qualified majority for passing a resolution for prior approval the conclusion of a transaction by a subsidiary, applies instead. Other changes have been made to improve the wording, which do not change the meaning of the provisions.

Except as stated above there are no changes in this regard.

2.15. Meetings of the Board of Directors

Article 29 of the Statute of SHELLY GROUP SE corresponds to Article 29 of the Statute of SHELLY GROUP PLC regarding the meetings of the Board of Directors, the adoption of rules of procedure, the election of chairman, vice-chairman and one or more executive directors. There are no changes in this regard.

2.16. Resolutions of the Board of Directors

Pursuant to Article 30, para. 1 of the Statute of SHELLY GROUP SE, unless expressly stated otherwise in the Statute, all resolutions of the board of directors shall be passed by a majority of more than half of all members of the board of directors. This provision of the Statute of SHELLY GROUP SE has been

supplemented by a new text, providing that the chairman of the board of directors shall not have a casting vote that excludes the application of Article 50, para. 2 of the SE Regulation.

A quorum at the meetings of the board of directors shall be present if the number of members present is sufficient for resolving on the items in the agenda. A member of the board of directors may participate in the meeting via telecommunication. However, the number of members participating via telecommunication may not exceed the number of people present in person. It is allowed for a member of the board of directors to authorize another member of the board of directors in writing to represent him/her for a specific meeting as one member present may represent no more than one absent member of the board of directors.

Article 30, para. 6 allows resolutions in lieu of meeting to be passed in writing if all members have given their written consent for the resolution. Resolutions in lieu of meeting may be made in one or more identical copies and shall be deemed to have been passed at the date of the last affixed signature and it is not required that all signatures are affixed to the same copy - in the latter case, all signed copies shall be stored and presented together as composite parts of a single document.

With the exception of the casting vote of the chairman of the board of directors, these provisions of the Statute of SHELLY GROUP SE are identical to the analogous provisions of the Statute of SHELLY GROUP PLC.

2.17. Liability of the members of the Board of Directors

Article 31 of the Statute of SHELLY GROUP SE corresponds to Article 31 of the Statute of SHELLY GROUP PLC regarding the liability of the members of the Board of Directors and relieving them of liability. The specific indication of the conditions for relieving of the members of the board of directors by the general meeting of shareholders has been replaced by a reference to the law regulating this matter. There are essentially no changes in this regard.

2.18. Executive Director

Article 32 of the Statute of SHELLY GROUP SE corresponds to Article 32 of the Statute of SHELLY GROUP PLC regarding the duties of the executive director. There are no changes in this regard.

2.19. Procurator

Article 33 of the Statute of SHELLY GROUP SE corresponds to Article 33, para. 1 of the Statute of SHELLY GROUP PLC regarding the option of the board of directors to appoint one or more procurators, who can represent the company. The provision of Article 33, para. 1 of the Statute of SHELLY GROUP PLC is not reproduced in the Statute of SHELLY GROUP SE due to the complications that may arise in connection with the application *mutatis mutandis* of other provisions of the Statute as provided therein.

2.20. Investor Relations Director

Article 34 of the Statute of SHELLY GROUP SE corresponds to Article 34 of the Statute of SHELLY GROUP PLC regarding the appointment by the board of directors of investor relations director, his rights, duties and obligations except that for the appointment of investor relations director a qualified majority is required pursuant to Article 30, para. 1 of SHELLY GROUP SE in contrast to the simple majority required by the Statute of SHELLY GROUP PLC. There are no other changes in this regard.

2.21. Advisory Board

Article 35 of the Statute of SHELLY GROUP SE corresponds to Article 34a of the Statute of SHELLY GROUP PLC regarding the establishment of an advisory board by the board of directors. Besides the numbering of the provision, there are no changes in this regard.

2.22. Conflict of Interests

Article 36 of the Statute of SHELLY GROUP SE corresponds to Article 35 of the Statute of SHELLY GROUP PLC regarding the conflict of interest of the members of the board of directors, the procurators, the investor relations director, the members of the advisory board and persons who directly or indirectly hold at least 25% of the votes of the general meeting of shareholders or control it. Besides the numbering of the provision, there are no changes in this regard.

2.23. Business Year

Article 37 of the Statute of SHELLY GROUP SE corresponds to Article 36 of the Statute of SHELLY GROUP PLC regarding the commencement and the end of the operational financial and business year and the preparation of the annual financial reports and an annual activity report for the previous calendar year. Besides the numbering of the provision, there are no changes in this regard.

2.24. Monetary Funds

Article 38 of the Statute of SHELLY GROUP SE corresponds to Article 37 of the Statute of SHELLY GROUP PLC regarding the formation of Reserve Fund and any other funds, established by resolution of the board of directors. Besides the numbering of the provision, there are no changes in this regard.

2.25. Dividends

Article 39 of the Statute of SHELLY GROUP SE corresponds to Article 38 of the Statute of SHELLY GROUP PLC regarding the distribution of dividends. There are essentially no changes in this regard, save for changes improving the wording and the numbering of the provision.

2.26. Dissolution

Article 40 of the Statute of SHELLY GROUP SE corresponds to Article 39 of the Statute of SHELLY GROUP PLC referring to the grounds for termination of the public limited-liability company pursuant to the applicable law - Article 252 of the Bulgarian Commerce Act. There are essentially no changes in this regard, save for changes improving the wording and the numbering of the provision.

2.27. Liquidation

Article 41 of the Statute of SHELLY GROUP SE corresponds to Article 40 of the Statute of SHELLY GROUP PLC referring to election of liquidators and distribution of remaining property after the satisfaction of the creditors of the company. Besides the numbering of the provision, there are no changes in this regard.

2.28. Applicable Law

Article 42 of the Statute of SHELLY GROUP SE corresponds to Article 41 of the Statute of SHELLY GROUP PLC referring to the applicable legislation of the Republic of Bulgaria. Besides the numbering of the provision, there are no changes in this regard.

2.29. Transitional and final provisions

Article 43 of the Statute of SHELLY GROUP SE is a transitional and final provision stipulating the date of adoption of the Statute of SHELLY GROUP SE by the general meeting of shareholders.

3. Declarations pursuant to Article 114b of the Bulgarian Public Offering of Securities

Pursuant to Article 114b of the Bulgarian Public Offering of Securities Act the members of the management bodies and supervisory bodies of a public company, the procurator of any such company, and the persons holding, directly or indirectly, at least 25 per cent of the votes in the general meeting of the company or controlling the company, shall be obligated to disclose to the management body of the public company, as well as to the Financial Supervision Commission and the regulated market whereon the shares in the company have been admitted to trading, information regarding (i) the legal persons wherein the said persons hold, directly or indirectly, at least 25 per

cent of the votes in the General Meeting or which the said persons control; (ii) the legal persons whereof the said persons are members of the management bodies or supervisory bodies or procurators; (iii) any current and future transactions of which they are aware and in which, in their opinion, the said persons may be treated as interested parties. The declarations have to be made permanently accessible to the shareholders and they are available on the website of the Company (<https://corporate.shelly.com>).

The SE Regulation does not contain any express provisions on the applicability of the Bulgarian Public Offering of Securities Act, however, by virtue of Article 9, para. 1, lit. "c", item (ii) of the SE Regulation the provision of Article 114b of the Bulgarian Public Offering of Securities Act applies.

4. Other Corporate Law Effects

4.1. Legal Effects of the Conversion

The conversion of SHELLY GROUP PLC into an SE does neither lead to a winding up of the Company nor to the formation of a new legal entity (cf. Article 37, para. 2 of the SE Regulation). Rather, it is a case of the change of the legal form in the course of which the legal and economic identity of the company are being maintained. There is no transfer of assets. The interests of the shareholders are preserved in their entirety because of the identity of the legal entity.

4.2. Dividend Entitlements

The dividend entitlements of the shareholders do not change as a result of the conversion of SHELLY GROUP PLC into SHELLY GROUP SE.

4.3. Shareholders Structure of SHELLY GROUP SE

Since the interests held in the Company by the shareholders of SHELLY GROUP PLC continue to exist unchanged because of the identity of the legal entity, the proportions of shareholdings do not change as a result of the conversion of SHELLY GROUP PLC into SHELLY GROUP SE. The shareholders retain the same number of shares they held in SHELLY GROUP PLC prior to the conversion becoming effective.

VII. ACCOUNTING AND TAX EFFECTS OF THE CONVERSION

The conversion of SHELLY GROUP PLC into an SE does neither lead to a winding up of the Company nor to the formation of a new legal entity (cf. Article 37, para. 2 of the SE Regulation). The legal and economic identity of the company is preserved. With regard to the preparation of and any other stipulations relating to the annual financial reports and the management report as well as the consolidated financial reports and the group management report the provisions applicable to a Bulgarian public limited-liability company apply. Thus, the conversion does not have any accounting effects.

The conversion of SHELLY GROUP PLC into an SE having its seat in Bulgaria which preserves the legal identity is a process which is neutral from a taxation point of view. Future dividend payments by SHELLY GROUP SE as well as transfers of shares of the company will have, in principle, the same taxation consequences for the shareholders of SHELLY GROUP SE, for the purposes of Bulgarian income taxation, as dividend payments and transfers prior to the conversion, unless there is a change of the applicable laws or of the factual circumstances. In general, to SHELLY GROUP SE will apply the same taxation which applies to SHELLY GROUP PLC prior to the conversion, nevertheless, it is recommended that the shareholders of SHELLY GROUP PLC consult their tax advisors with regard to their individual cases.

VIII. SECURITIES AND STOCK EXCHANGE TRADING

1. Effects of the Conversion on the Shares of SHELLY GROUP SE

As a result of the conversion, the current shareholders of SHELLY GROUP PLC will, by operation of law, become shareholders of SHELLY GROUP SE when the conversion of SHELLY GROUP PLC into an SE takes effect. As before, the shares of SHELLY GROUP SE will also be dematerialized ordinary registered voting shares.

2. Effects of the Conversion on the Stock Market Listing

The shares of SHELLY GROUP PLC are admitted to trading on a regulated market in the Republic of Bulgaria - listed on the official market of the Bulgarian Stock Exchange JSC, as well as in the Federal Republic of Germany - Frankfurt Stock Exchange.

The conversion does not affect the stock exchange admissions and the stock exchange trading of the shares of SHELLY GROUP PLC. After the conversion of SHELLY GROUP PLC into SHELLY GROUP SE, the shareholders will continue to be able to trade their SHELLY GROUP SE shares on all stock exchanges on which the shares are currently listed.

Further, the conversion does not have any effects on the inclusion of the SHELLY GROUP SE shares in the stock indexes SOFIX, BGBX40 and BG TR30.

Sofia, 23 July, 2024

For SHELLY GROUP PLC:

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and lines, positioned above a horizontal line.

Mr. Dimitar Stoyanov Dimitrov
Chief Executive Director