

Shelly Group AD

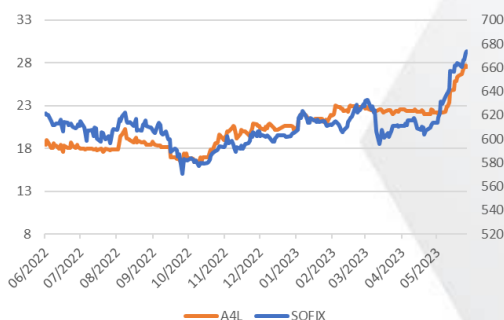
Record breaking sales and a name change

Share Information

| | |
|----------------------|-------------|
| Price (BGN) | 43.70 |
| 52-week price change | 138.80% |
| 52-week price range | 16.10-47.20 |
| Market Cap (BGN) | 788 826 297 |
| Market Cap (EUR) | 403 320 481 |
| Shares outstanding | 17 999 999 |
| Free Float | 35.82% |
| P/E (ttm) | 34.37 |
| P/S (ttm) | 6.96 |
| P/BV | 8.93 |

Source: SIS Calculations and Market Data
BGN is pegged to EUR at 1.95583 BGN

52 week price change



* in BGN, source Bloomberg

Notable events

| | |
|----------------------------|------------|
| Q3 2023 individual results | 31.10.2023 |
| Q3 2022 cons. results | 14.11.2023 |

Ivaylo Valchev

Equity Analyst
Tel.: +359 2 937 9862
e-mail: valchev@sis.bg

Svetozar Abrashev

Senior Managing Partner
Tel.: +359 2 937 9869
e-mail: abrashev@sis.bg

Sofia International Securities

Sofia 1000,
140 G. S. Rakovski Str.
Tel.: + 359 2 937 98 65
e-mail: info@sis.bg

Q2 2023 Results

- Allterco held an extraordinary shareholder meeting on 19.06.2023, where, among other decisions, a name change was proposed and consequentially approved by 100% of the 77.27% of the eligible votes. **The new name is Shelly Group AD, the new ticker is SLYG.** The BoD and the management believes that the new name will help identify better the company with its main product and built its identity as an IoT producer.

- The company decided on 12.06.2023 to distribute the dividend for 2022 of BGN 0.25 per share for a total amount of BGN 4.5mln.

- Shelly Group increased sales by 53.2% YoY to reach BGN 54.8mln due to the focused sales strategy, which they implemented in 2022. Total revenues increased by 44.3% to reach BGN 54.9mln. The lesser growth in total revenues is due to the decline in financial revenues, which were high in H1 2022 due to FX differences.

- EBITDA increased 70.7% to reach BGN 16.9mln, which is the result of the increased investments last year in the sales channels and RND processes. This affected the largest account COGS, which increased just by 30% to BGN 24.2mln. Even the serious hike in administrative expenses by 56% to BGN 14mln, predominantly due to employee compensations and external services, was not able to affect EBITDA seriously. We notice a very positive shift towards efficiency from the management of the company.

- Net profit of the group increased 80.3% to BGN 11.4mln as a result of the abovementioned improvements and the fairly constant amortization and the Net margin improved by 4.15% to 20.08%.

- Current ratio halves to 5.3 due to the increase in Current Liabilities, which is largely the result of the approved decision to distribute dividends.

- Cash ratio's decline is explained by the same large leap of Current Liabilities.

- The company remains very liquid and stable with cash representing nearly 15x total debt and 41x short term debt.

- The company announced the intended participation in the capital raise of Corner Solutions EOOD, where they will purchase 10% of the capital for EUR 100,000.

- The company lent EUR 280,000 to Expat Capital for 1 year at 1% p.a.

FINANCIAL SNAPSHOT

QUARTERLY RESULTS

| Financial Metrics | Q2 2023 | Q2 2022 | % Change | TTM |
|--------------------|---------|---------|----------|---------|
| Total Revenue | 54 926 | 38 063 | 44.3% | 111 053 |
| Operating expenses | 38 563 | 28 679 | 34.5% | 81 812 |
| EBIT | 16 363 | 9 384 | 74.4% | 29 241 |
| Operating Margin | 29.79% | 24.65% | 5.14% | 26.33% |
| EBITDA | 16 946 | 9 927 | 70.7% | 30 309 |
| Net profit | 11 427 | 6 338 | 80.3% | 22 522 |
| Net Margin | 20.80% | 16.65% | 4.15% | 20.28% |
| Total Assets | 105 699 | 75 946 | 39.2% | - |
| Equity | 87 444 | 68 191 | 28.2% | - |
| Cash & equiv. | 38 798 | 28 154 | 37.8% | - |
| Net Debt | -36 159 | -25 518 | 41.7% | - |
| Debt-to-Equity | 0.03 | 0.04 | -0.01 | - |

FINANCIAL RATIOS

| Per share | Q2 2023 | 2022 | 2021 | 2020 |
|------------------|------------|------------|------------|------------|
| Number of shares | 17 999 999 | 17 999 999 | 17 999 999 | 15 000 000 |
| EPS | 0.63 | 0.97 | 0.88 | 0.90 |
| DPS | n/a | 0.25 | 0.10 | 0.20 |

| Growth & Activity | Q2 2023 | 2022 | 2021 | 2020 |
|-------------------|---------|---------|---------|-------|
| Revenue growth | 44.3% | 54.1% | 20.3% | 21.0% |
| Earnings growth | 34.5% | 71.1% | 20.1% | 4.8% |
| CAPEX growth | 0.0% | -608.5% | -108.2% | 0.0% |
| CAPEX/EBITDA | 0.0% | -1.6% | 0.4% | -5.4% |
| Asset Turnover | 0.52 | 1.06 | 0.84 | 0.77 |
| WC Turnover | 0.85 | 1.52 | 1.28 | 1.81 |

| Return & Profitability | Q2 2023 | 2022 | 2021 | 2020 |
|------------------------|---------|-------|-------|-------|
| ROE | 13.1% | 22.0% | 24.3% | 23.6% |
| ROA | 10.8% | 19.6% | 21.9% | 20.5% |
| ROIC | 12.8% | 21.6% | 23.5% | 22.6% |
| EBITDA margin | 30.9% | 24.7% | 33.0% | 31.8% |
| Operating margin | 29.8% | 23.6% | 31.2% | 31.1% |
| Net margin | 20.8% | 18.5% | 26.0% | 26.5% |

| Gearing & Liquidity | Q2 2023 | 2022 | 2021 | 2020 |
|---------------------|---------|-------|-------|-------|
| Debt-to-Equity | 0.0 | 0.0 | 0.0 | 0.1 |
| Net Debt to EBITDA | -0.5 | -0.9 | -0.7 | -0.7 |
| Interest coverage | 545.4 | 365.0 | 261.4 | 197.5 |
| Cash ratio | 2.4 | 3.5 | 6.3 | 4.1 |
| Current ratio | 5.3 | 9.7 | 12.3 | 7.5 |

COMPANY DESCRIPTION

Shelly Group designs, manufactures, and distributes IoT products. The company offers MyKi, a GPS-GSM watch that allows parents to communicate and monitor the location of their child via the MyKi watch mobile application; MyKi Auto, a smart tracker for automobiles; MyKi Spot, which includes pet tracker, asset tracker, or SOS button; SHELLY, a device which allows remote control of electric appliances through mobile phone, PC or home automation systems; and MyKi Care thermometer, a smart device that measures and tracks body temperature. Shelly Group is headquartered in Sofia, Bulgaria and is traded on the Bulgarian Stock Exchange and the Frankfurt Stock Exchange.

ANNUAL FINANCIAL RESULTS

| Income Statement (BGN 000) | Q2 2023 | 2022 | 2021 | 2020 |
|----------------------------|---------------|---------------|---------------|---------------|
| Operating Revenue | 54 785 | 93 178 | 59 509 | 46 342 |
| Financial Income | 141 | 1 012 | 1 608 | 4 459 |
| Total Revenue | 54 926 | 94 190 | 61 117 | 50 801 |
| Operating expenses | 38 563 | 71 928 | 42 037 | 35 004 |
| EBIT | 16 363 | 22 262 | 19 080 | 15 797 |
| EBITDA | 16 946 | 23 290 | 20 148 | 16 150 |
| Net profit | 11 427 | 17 433 | 15 892 | 13 438 |

| Balance Sheet (BGN 000) | Q2 2023 | 2022 | 2021 | 2020 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| Current assets | 87 460 | 77 106 | 59 414 | 47 090 |
| Cash & equiv. | 38 798 | 28 148 | 30 541 | 26 050 |
| Non-current assets | 18 239 | 11 692 | 12 991 | 18 603 |
| PP&E and Inv. Properties | 5 220 | 4 653 | 4 798 | 5 062 |
| Total Assets | 105 699 | 88 798 | 72 405 | 65 693 |
| Current Liabilities | 16 451 | 7 969 | 4 816 | 6 308 |
| ST Loans | 947 | 829 | 630 | 586 |
| Non-current liabilities | 1 804 | 1 757 | 2 087 | 2 549 |
| LT Loans | 1 692 | 1 645 | 2 087 | 2 549 |
| Total Liabilities | 18 255 | 9 726 | 6 903 | 8 857 |
| Equity | 87 444 | 79 072 | 65 502 | 56 836 |
| Net Working Capital | 71 009 | 69 137 | 54 598 | 40 782 |
| Total Debt | 2 639 | 2 474 | 2 717 | 3 135 |
| Net Debt | (36 159) | (25 674) | (27 824) | (22 915) |

| Cash Flow Statement (BGN 000) | Q2 2023 | 2022 | 2021 | 2020 |
|-------------------------------|---------|---------|---------|---------|
| CF from operations | 16 955 | 271 | 8 139 | 4 057 |
| CF from investments | (6 674) | 497 | 497 | 1 927 |
| CAPEX | 861 | 361 | (71) | 866 |
| Purchase of investments | (4 194) | (130) | (18) | - |
| CF from financing | 440 | (3 326) | (4 295) | 9 205 |
| Paid interest | (30) | (61) | (73) | (80) |
| Paid dividends | - | - | 1 301 | (3 600) |

Source: Company financials and SIS calculations

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