



# INVESTOR PRESENTATION

Investor Presentation – September 2021

# TODAY'S PRESENTERS

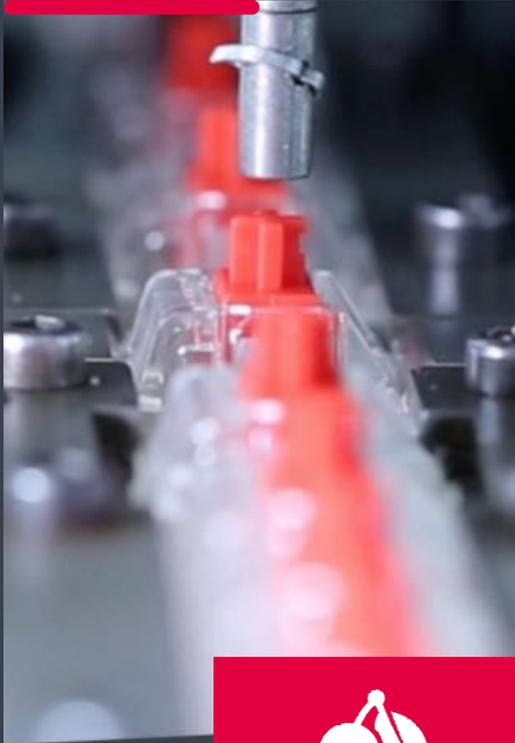


Rolf Unterberger  
CEO



Bernd Wagner  
CFO & COO

# CHERRY AT A GLANCE



Revenue Growth  
H1 20 vs H1 21



Adj. EBITDA  
Margin 2020



Group Revenue  
2020



Adj. EBITDA  
2020



Founded 1953



German HQ



ca. 500 employees<sup>(1)</sup>



x8 Global  
Locations<sup>(1)</sup>

**#1**

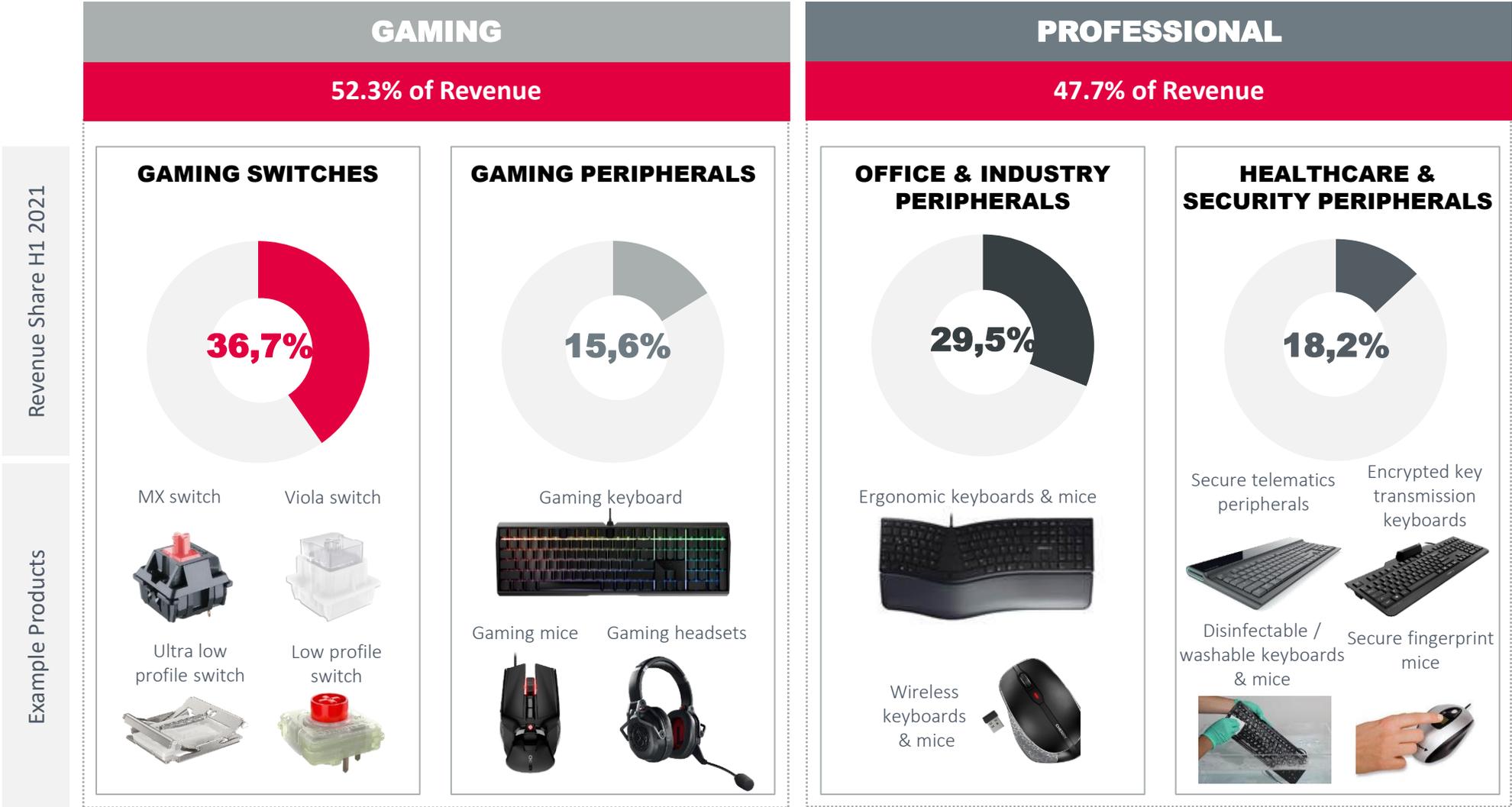
Global Market  
Share in Switches



219 Trademarks,  
48 Patents<sup>(1)</sup>

Source: Figures for fiscal year ending December 31, 2020 and six-month periods ending June 30, 2021 and to the consolidation scope of the former holding company of Cherry Group, Cherry Holding GmbH, which Cherry AG acquired with effect as of September 30, 2020.  
1. As of March 2021

# INTRODUCING OUR BUSINESS UNITS



Source: Figures of the H1 2021 Interim Report (IFRS)

# KEY INVESTMENT HIGHLIGHTS



**CHERRY**

- 1 Established number one global market position for mechanical gaming keyboard switches
- 2 Innovation and quality leader with a track record of successful new product development
- 3 Leading brand recognition and pricing power in our core markets
- 4 Growth driven by multiple secular growth trends and underlying markets with strong growth
- 5 Global distribution and scalable manufacturing footprint with highly automated state-of-the-art production facilities
- 6 Blue chip customer base subject to high switching costs
- 7 Impressive financial profile with high margins and attractive cash conversion

# WHY CHOOSE MECHANICAL SWITCHES?

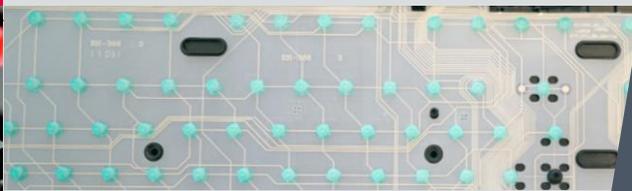


## Mechanical



- ✓ Instant response (<1ms)
- ✓ Accurate typing reliable & precise
- ✓ Highly durable (over 100mn guaranteed strokes)<sup>(1)</sup>
- ✓ Enhanced customizability and functionality

## Rubberdome / Membrane



- ✗ Lower responsiveness as button needs to be fully depressed
- ✗ Finger fatigue
- ✗ Low cost but less durable (max. 5-10mn strokes)
- ✗ Limited customizability and functionalities

## Video gaming enthusiasts favour PC gaming keyboards with mechanical switches

“As in other sports, specialized high-performance gear, such as gaming keyboards, mice, headsets and performance controllers, allow digital athletes to perform their best. Modern video games reward the speed and precision of user inputs, driving demand for powerful gaming components and systems.”

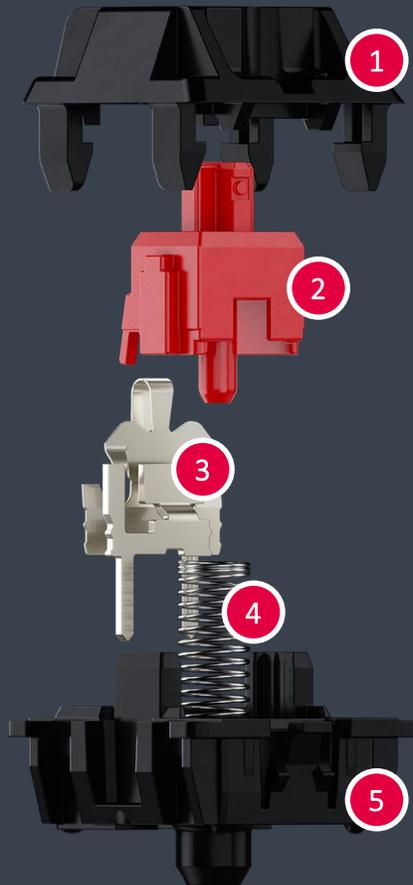


Source: Company  
1. Number of guaranteed strokes depending on model

# CHERRY IS THE CATEGORY INVENTOR & LEADER FOR QUALITY GAMING SWITCHES



**CHERRY INVENTED THE MECHANICAL GAMING SWITCH IN 1983 AND HAS AN UNPARALLELED 35+ YEARS OF EXPERIENCE**



## 1. Upper Housing

*is a CAD high precision component made of plastic polymer ensuring precise movement of stem*

## 2. Switching Slide / Stem

*is a CAD high-precision component made of plastic polymer creating the pre travel and keystroke feel between the upper housing and coil spring*

## 3. Gold Crosspoint Contact

*is at the heart of every CHERRY MX key switch providing incredible reliability and durability through gold's self-cleaning and corrosion-resistant characteristics*

## 4. Precision Coil Spring

*High-density molecular structure, made of metal alloy defines pressure characteristics and operating force for each switch type*

## 5. Housing Base

*made of plastic polymer and glass fibre provides dual-functionality with inner base for switch mechanism and outer base for mounting on keyboard*



*The Launch of the MX switch in 1983*

# ALL CHERRY SWITCH KEYBOARDS ARE CO-BRANDED “CHERRY INSIDE” & SOLE SOURCED



AW410K RGB Mechanical Gaming Keyboard, Alienware



Encoder Gaming Keyboard, OMEN



ROG Strix Scope RGB Mechanical Keyboard, Asus



K70 RGB Mechanical Keyboard, Corsair

Source: Company



*“CHERRY INSIDE”  
Distinguishes customer products to  
achieve premium pricing*

# QUALITY LEADERSHIP DRIVES PREMIUM PRICE POSITIONING



## WHY CHOOSE CHERRY SWITCHES?

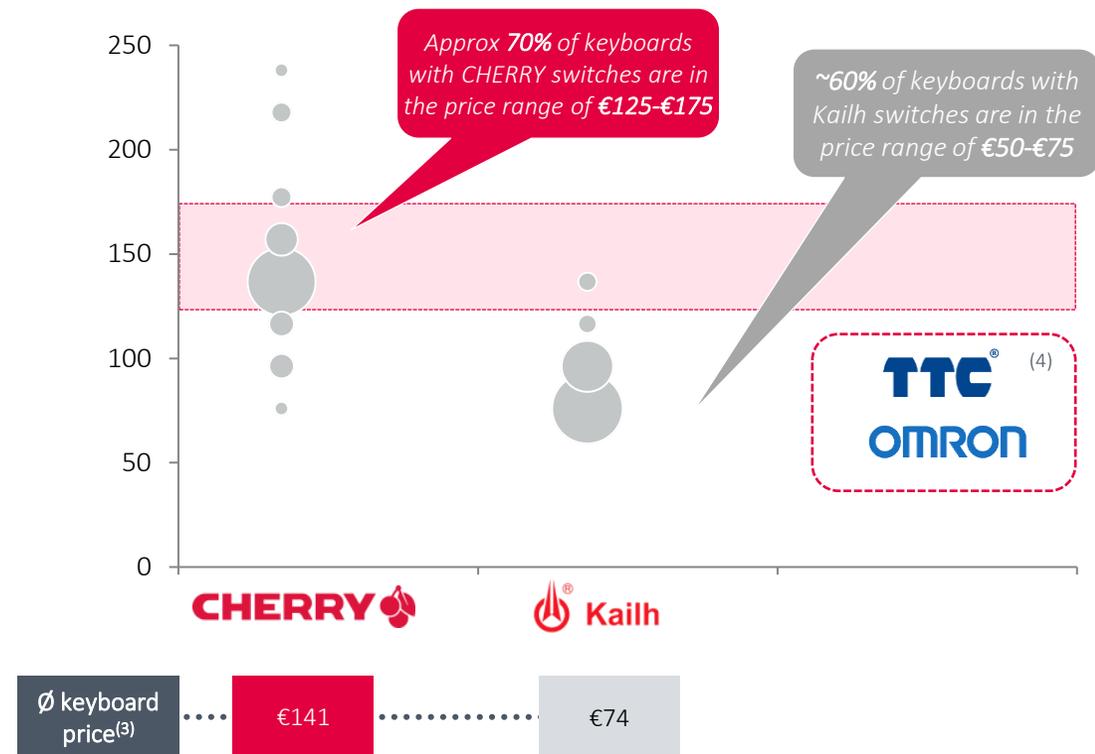
Company Assessment<sup>(1)</sup>

Criteria	CHERRY	Kailh	OMRON	TTC <sup>®</sup>
Gaming focus	✓✓✓	✓	✓	✓
Workmanship	✓✓✓	✓	✓✓✓	✓
Reliance	✓✓✓	✓✓	✓✓	✓
Responsiveness	✓✓✓	✓✓	✓✓	✓✓
Reputation	✓✓✓	✓	✓✓	✓
Innovation	✓✓✓	✓	✓✓	✓✓
Made in Germany	✓✓✓			



## CHERRY SWITCHES DRIVE PREMIUM PRICING FOR CUSTOMERS

Price of gaming keyboards (in €)<sup>(2)</sup>



1. Sources: Company. Based on selected categories, March 2021

2. Source: Company web crawling, company analysis, April 2021

3. Based on retail prices (incl. VAT) in Germany, not weighted to account for number of sales for each keyboard

4. Source: Company, April 2021. Detailed information on price position of Omron and TTC is not available due to white labeling.

# #1 CRITICAL SUPPLIER OF SWITCHES FOR ALL BLUE CHIP NAMES



## SELECTED TOP KEYBOARD MANUFACTURERS & MECHANICAL KEY SWITCH SUPPLIER BRANDS

Price category	CHERRY	CORSAIR	logitech	RAZER	ALIENWARE by DELL	OMEN by HP	COOLER MASTER	daskeyboard	ASUS
<b>Premium Laptops</b> >€1,500					CHERRY				
<b>Premium</b> ~€120–€300	CHERRY	CHERRY	logitech GX Series by Kailh	RAZER	CHERRY	CHERRY	CHERRY	CHERRY OMRON	CHERRY
<b>High</b> ~€80–€120			logitech Romer-G by OMRON CHERRY Niche keyboards TTC	By Kailh (white label) Greetech 惠州冠泰电子有限公司 HUIZHOU GREOTECH ELECTRONICS CO., LTD.			TTC Outemu		Kailh
<b>Medium</b> ~€40–€80						Greetech 惠州冠泰电子有限公司 HUIZHOU GREOTECH ELECTRONICS CO., LTD.			
<b>Low</b> ~€0–€40									

Keyboards ALWAYS **sole source** and specified in NEVER dual/multi-sourced

Keyboards ALWAYS **co-branded** "Cherry Inside" - NEVER white labelled

Source: Company web crawling and analysis, April 2021

# NEW PRODUCTS H1/21: THE CHERRY ULP SWITCH: MILESTONE INNOVATION LAUNCHED MARCH 2021



## ULTRA LOW PROFILE SWITCH: CONSTRUCTION & INTEGRATION



### Slim & Lightweight (2021)



#### Alienware M15 R4

- Price: ~EUR 1,500
- Height: 21mm
- Weight: 2.5kg

### From Bulky & Heavy (2019)



#### MSI GT76 TITAN

- Price: ~EUR 3,800
- Height: 42mm
- Weight: 4.2kg



“With this model, the German-based company once again achieves a milestone in the development of switches.”

- Techpowerup



## KEY FEATURES



Super-thin, true mechanical switch for laptop market



Proven Cherry MX Gold Crosspoint Technology



High switching frequency for fast gaming / typing



Designed for cost saving SMD assembly production

# NEW PRODUCTS H1/21: THE CHERRY ULP SWITCH MARKET FEEDBACK



## KEY OPINION LEADER REVIEWS

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-  Dave2D: “This is by FAR the best laptop keyboard ever made with mechanical switches”
-  Tom’s Hardware: “Using Cherry MX Ultra Low Profile switches really takes the everyday typing experience to the next level”
-  Linus Tech Tips: “I would absolutely take these first. Cherry always impresses me with their attention to detail”



## BRANDS & CUSTOMERS

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-  Dell: besides m15 and m17 R4 laptop platforms, now also shipping with new x17 laptop series
-  Further laptop brands: 3 further major gaming laptop brands\* confirmed to use ULP starting CY2022
-  Further customers: 1 gaming brand\* confirmed to use ULP starting CY2022 with a new Desktop Keyboard platform

\* Projects are under NDA and brands can not be named yet

# NEW PRODUCTS H1/21: THE CHERRY MX 2.0S, HC 2.2 AND MC 2.1.



# NEW PRODUCTS H1/21: THE CHERRY PERIPHERALS LAUNCHES



## G80-3000N RGB TKL

- launched 24.08.2021 -

The original updated:  
Classic keys, but with state-of-the-art electronics  
and in a space-saving housing.

### KEY FEATURES

-  Wired mechanical keyboard without number pad
-  Compact housing to help increase desk space
-  CHERRY MX technology – All keys are precision, Gold Crosspoint switches "Made in Germany"



## STREAM KEYBOARD WIRELESS

- launched 17.08.2021 -

The best STREAM ever as a wireless keyboard.

### KEY FEATURES

-  Maximum productivity: Super silent keystroke, unbeatable typing feel
-  Highest quality: Durable key labels, our own SX scissor mechanism
-  Optimum operating comfort: 3 integrated status indicators, non-slip rubber feet, 10 office & multimedia keys



## DW 9100 SLIM

- launched 28.07.2021 -

Rechargeable designer desktop with many  
extra features.

### KEY FEATURES

-  Optionally connected using Bluetooth® or a 2.4 GHz wireless unit – both with AES-128 encryption
-  6 button mouse with optical sensor and switchable resolution (600/1000/1600 dpi)
-  Lithium batteries in the mouse and keyboard can be recharged using USB-C

# NEW PRODUCTS H1/21: THE CHERRY HEALTHCARE TERMINAL:



## **EHEALTH TERMINAL ST-1506**

- modern card terminal solution for workplaces in the German healthcare sector for telematics infrastructure
- approved by gematik and introduced for service providers in the German healthcare system in Q1 2021
- iF Design Award 2021 in the category of medical devices



- For reception counters in
- Clinics
  - pharmacies
  - dentist and doctor offices

Additional sectors will follow

## **KEY FEATURES**

- high-resolution color display enables optimal readability and intuitive operation
- Easily disinfectable touchscreen glass surface for hygiene
- optional patient PIN-Pad (PP-1516) can be easily connected via USB (launch 2022)
- can be operated without a power supply via Power-Over-Ethernet
- prepared for reading contactless cards by NFC interface

# WELL DIVERSIFIED BLUE CHIP CUSTOMER BASE



## GAMING

### GAMING SWITCHES



### GAMING PERIPHERALS



## PROFESSIONAL

### OFFICE & INDUSTRY PERIPHERALS



### HEALTHCARE & SECURITY PERIPHERALS

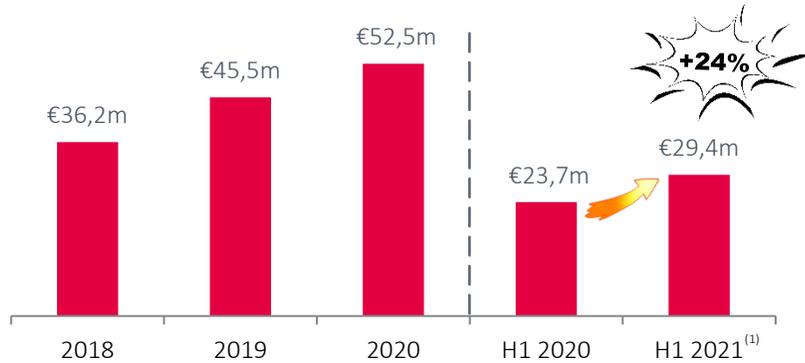


# BOOMING GAMING SECTOR PROVIDING STRONG TAILWINDS



## GAMING SWITCHES

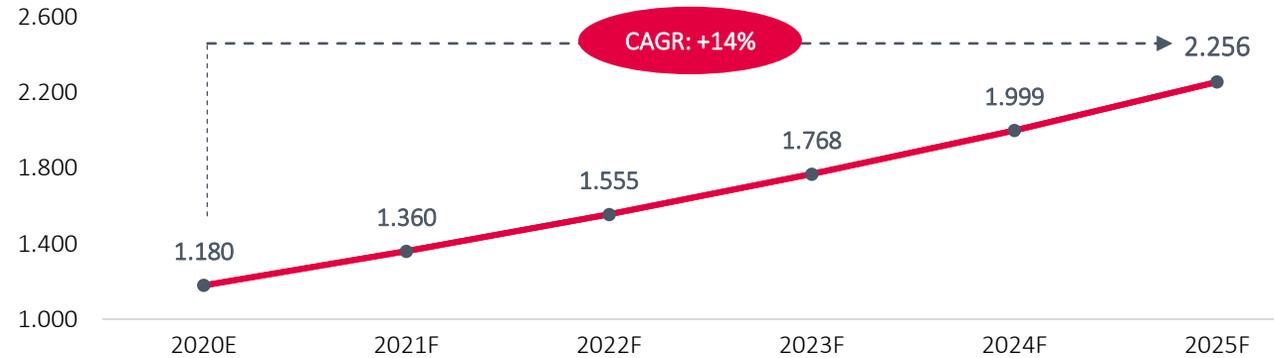
Revenue (in €m)



## GAMING PERIPHERALS IN CHINA<sup>(2)</sup>

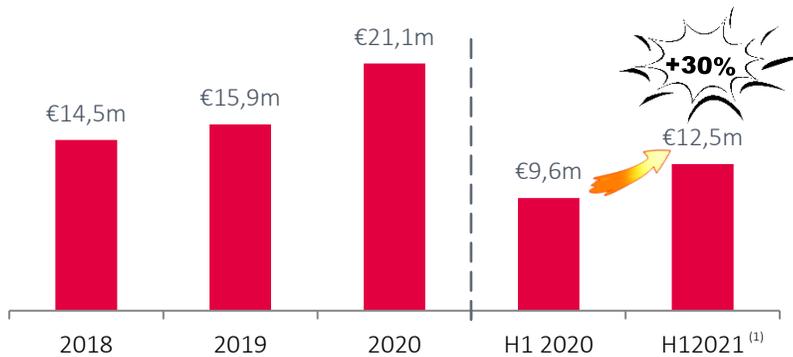


Sales (in €m)



## GAMING PERIPHERALS

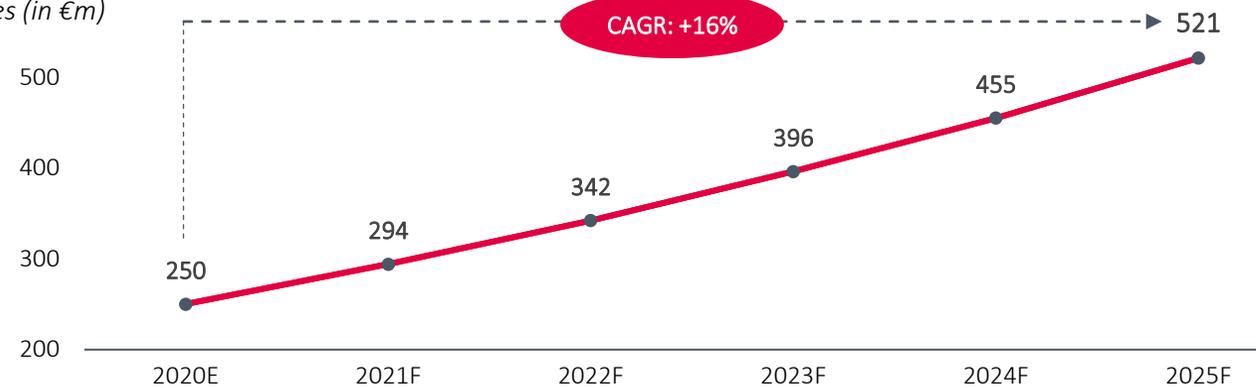
Revenue (in €m)



## MECHANICAL KEYBOARDS IN CHINA<sup>(2)</sup>



Sales (in €m)



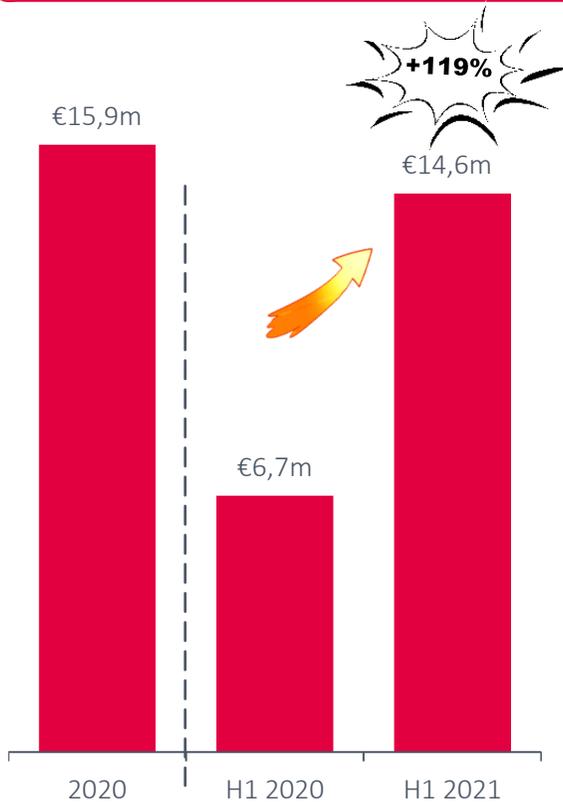
Source: Cherry AG <sup>(2)</sup>

1. TechNavio, 2021, Conversion from USD to € performed by the Company using a fixed rate of USD 1 = € 0.85.

2. The former holding company of Cherry Group was Cherry Holding GmbH. Cherry Holding GmbH was acquired with effect of September 30, 2020 by Cherry AcquiCo GmbH (now Cherry AG). Cherry Holding GmbH was merged in April with and into Cherry AcquiCo GmbH (now Cherry AG) and Cherry AcquiCo GmbH (now Cherry AG) assumed the name of Cherry Holding GmbH. In June 2021, Cherry Holding GmbH (former Cherry AcquiCo GmbH) was converted into Cherry AG

# TRANSFORMATIONAL DEVELOPMENTS DRIVING HEALTHCARE & SECURITY PERIPHERALS GROWTH

## HEALTHCARE & SECURITY PERIPHERALS



## GROWTH FUELLED BY POWERFUL MEGATRENDS



**Digitalization of German Healthcare Systems**



Healthcare Terminal



Healthcare Pin-Pad



**Cybersecurity Threats e. g. Keylogging**



Secure Board- Encrypted Key Transmission



**Ongoing Infectious Disease Control**



AK-C8100 Hygienic keyboard with number pad and cursor keys



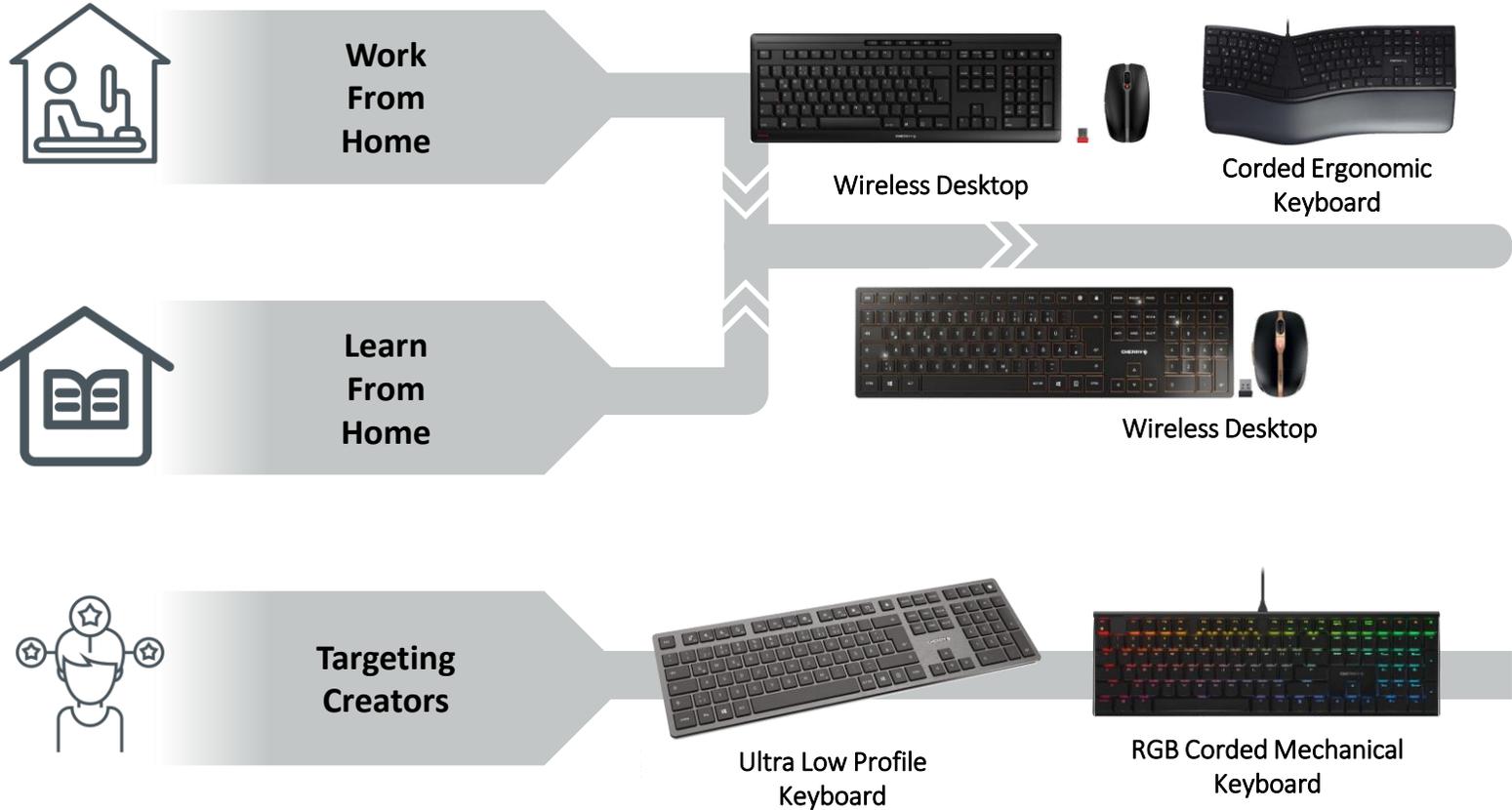
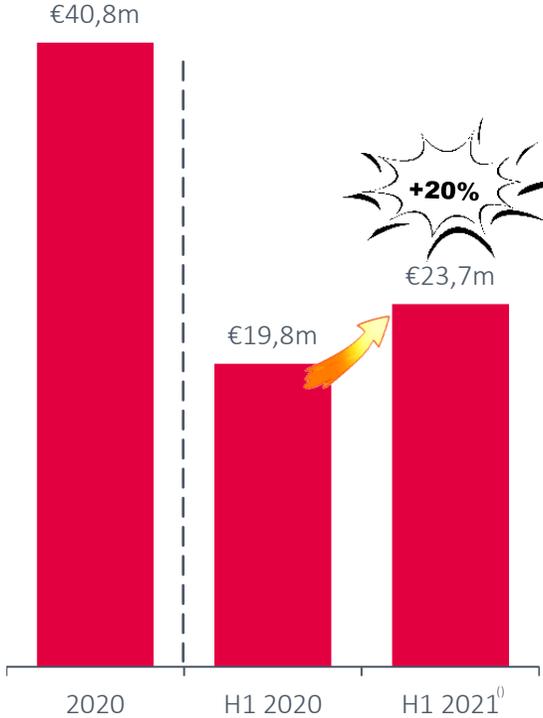
AK-PMH12 Ergonomic, corded hygiene mouse for clinical wipe disinfection

# WORK / LEARN FROM HOME AS DRIVER FOR OFFICE & INDUSTRY



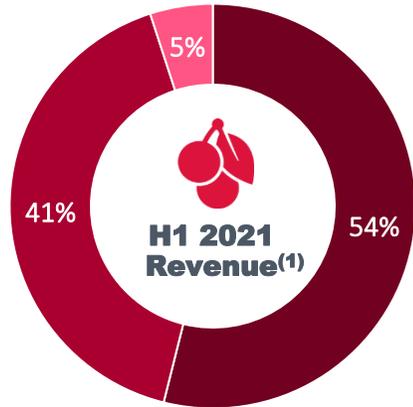
## OFFICE & INDUSTRY PERIPHERALS

## GROWTH FUELLED BY POWERFUL MEGATRENDS



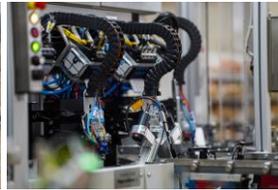
Source: Cherry AG

# DIVERSIFIED GLOBAL FOOTPRINT WITH HIGHLY AUTOMATED PRODUCTION



■ APAC ■ EMEA ■ Americas

Note: Revenue by domicile of purchasing entity not end customer



**CHERRY Europe GmbH**  
 Auerbach  
 >353 FTEs  
 8,500m<sup>2</sup> (thereof 3,200m<sup>2</sup> production, 950m<sup>2</sup> warehousing)

*CHERRY's new HQ*  
*CHERRY's new HQ*

**Switches made in Germany**

Annual Capacity: 1,100m Switches  
 Annual Output (2020): 500m Switches

**Zhuhai CHERRY Electronics**  
 Zhuhai City  
 82 FTEs  
 4,670 m<sup>2</sup> (thereof 3,120m<sup>2</sup> production and 1,550m<sup>2</sup> warehousing)

**Peripherals made in China**

Maximum Capacity: 1,800k Keyboards  
 Annual Output (2020): 850k Keyboards

**CHERRY/AK**  
 Pegnitz  
 19 FTEs

**CHERRY Electronics Taiwan**  
 Taipei  
 2 FTEs

**CHERRY Electronics Hong Kong**  
 Hong Kong  
 2 FTEs

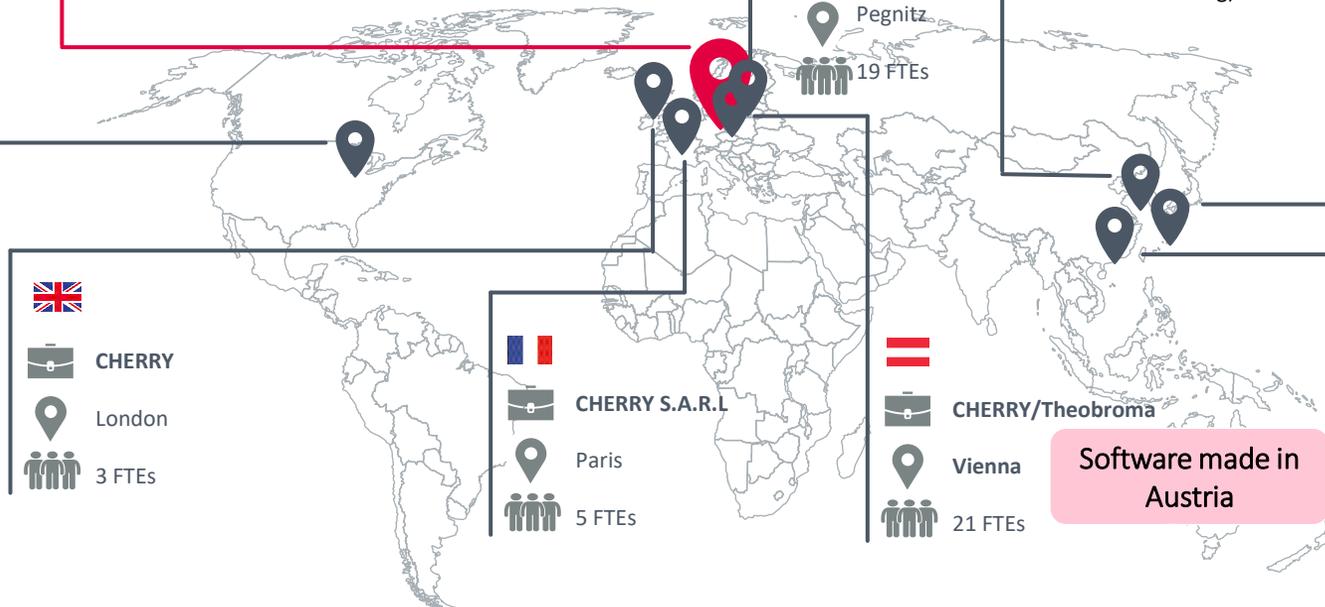
**CHERRY/Theobroma**  
 Vienna  
 21 FTEs

**Software made in Austria**

**CHERRY**  
 London  
 3 FTEs

**CHERRY S.A.R.L**  
 Paris  
 5 FTEs

**CHERRY Americas LLC**  
 Kenosha, WI  
 18 FTEs



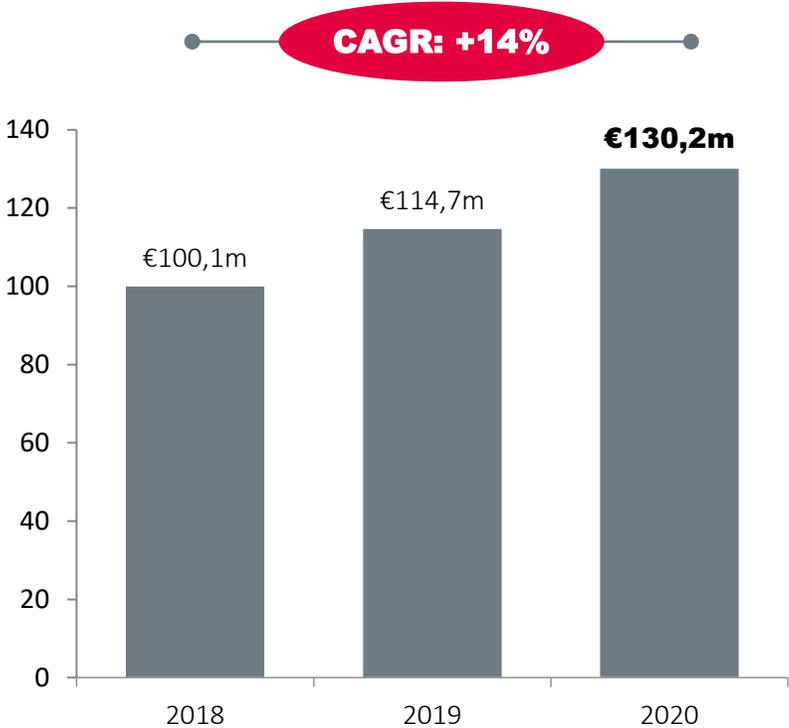
Source: Company, Statistics as of 30 June 2021.  
 1. Cherry AG

# ACCELERATING ORGANIC GROUP REVENUE GROWTH



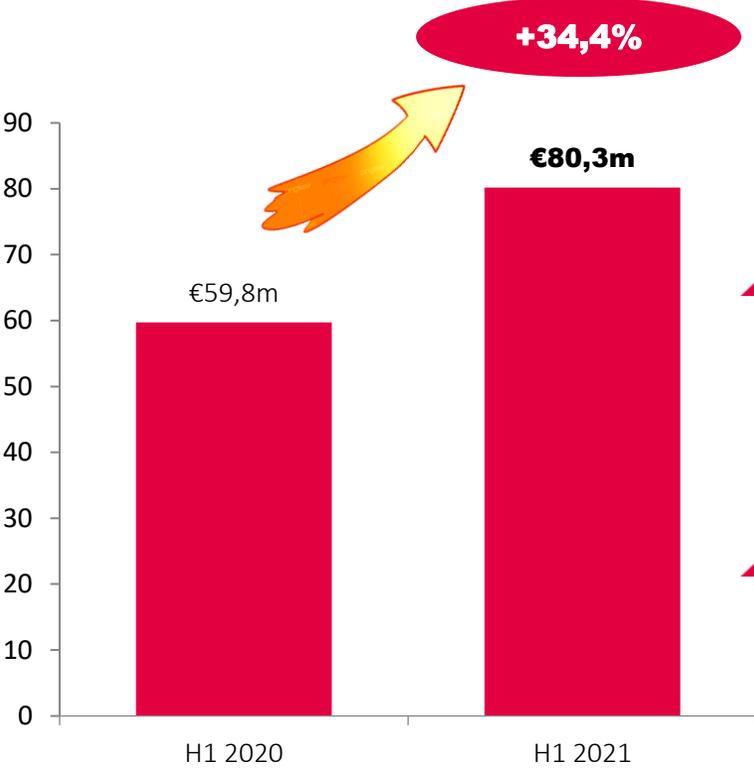
## TRACK RECORD OF DOUBLE DIGIT GROWTH

Revenue (in €m)



## ACCELERATING REVENUE GROWTH

Revenue (in €m)



### 2021 Revenue Outlook

**30-40% Organic Growth<sup>(1)</sup>**

### Mid-Term Revenue Outlook

**Strong DoubleDigit Growth**

Source: Cherry AG

1. Under the premise that, during the portion of fiscal year 2021 remaining as of June 30, 2021, the Company's business will not be negatively affected by an economic downturn, shortage of supplies or other unforeseeable impacts and events.

## FACTS & FIGURES

Cherry and the first six months of 2021 at a glance



**34.4%**  
Revenue growth in  
H1 2021 v H1 2020



**56.9%**  
EBIT adjusted growth  
in H1 2021 v H1 2020



**EUR 37.9 m**  
Order volume  
already on the  
books



**EUR 62.2 m**  
Cash and cash  
equivalents (net  
debt EUR -41.0 m)



**EUR 138 m**  
Gross proceeds  
from successful IPO

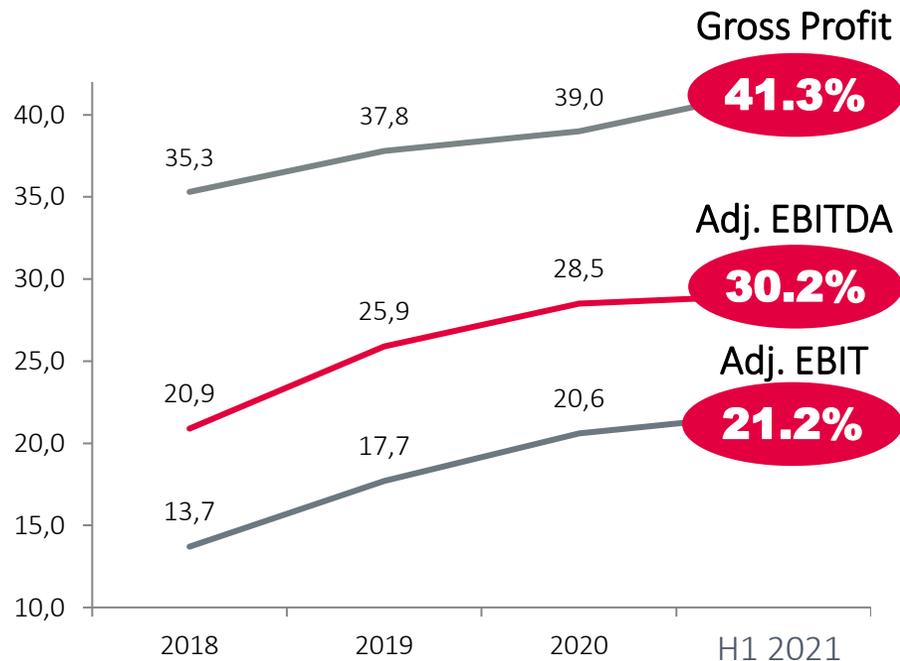


**Active Key**  
Successful M&A in  
the professional  
segment

# CONSISTENT MARGIN EXPANSION WITH FURTHER POSITIVE DEVELOPMENT POTENTIAL

## TRACK RECORD OF MARGIN EXPANSION

Margins (in %)



## MARGIN STRUCTURE & EXPECTATIONS



# SUMMARY OF OUR GROUP STRATEGY



## Brand Recognition

### Innovative Leadership



- New products
- New technology

### Retain Premium Position



- Through continued quality leadership

### Geographic Expansion



- Geographic expansion: Asia (Japan, Indonesia, Malaysia)
- Europe (Nordic & CEE)

### M&A



- Complement product portfolio
- Complement know how / skills
- Regional presence

## Organic Growth

## Inorganic Growth

# ACQUISITION STRATEGY

## STRATEGY

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-  Focus on existing 4 verticals
-  Complementary excellent products close to existing portfolio and markets
-  Increase regional strength
-  Synergies regarding market access and sales channels (international / regional)

## TARGET PROFILE

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- Geographic: USA, Europe, Asia
- Revenue: EUR 15m – EUR 35m
- EBITDA / EBIT margins: double digit (%)
- Product Areas: complementary products e. g. headsets, mice, video collaboration, other peripherals, ergonomic devices, etc.

## ACQUISITION PIPELINE

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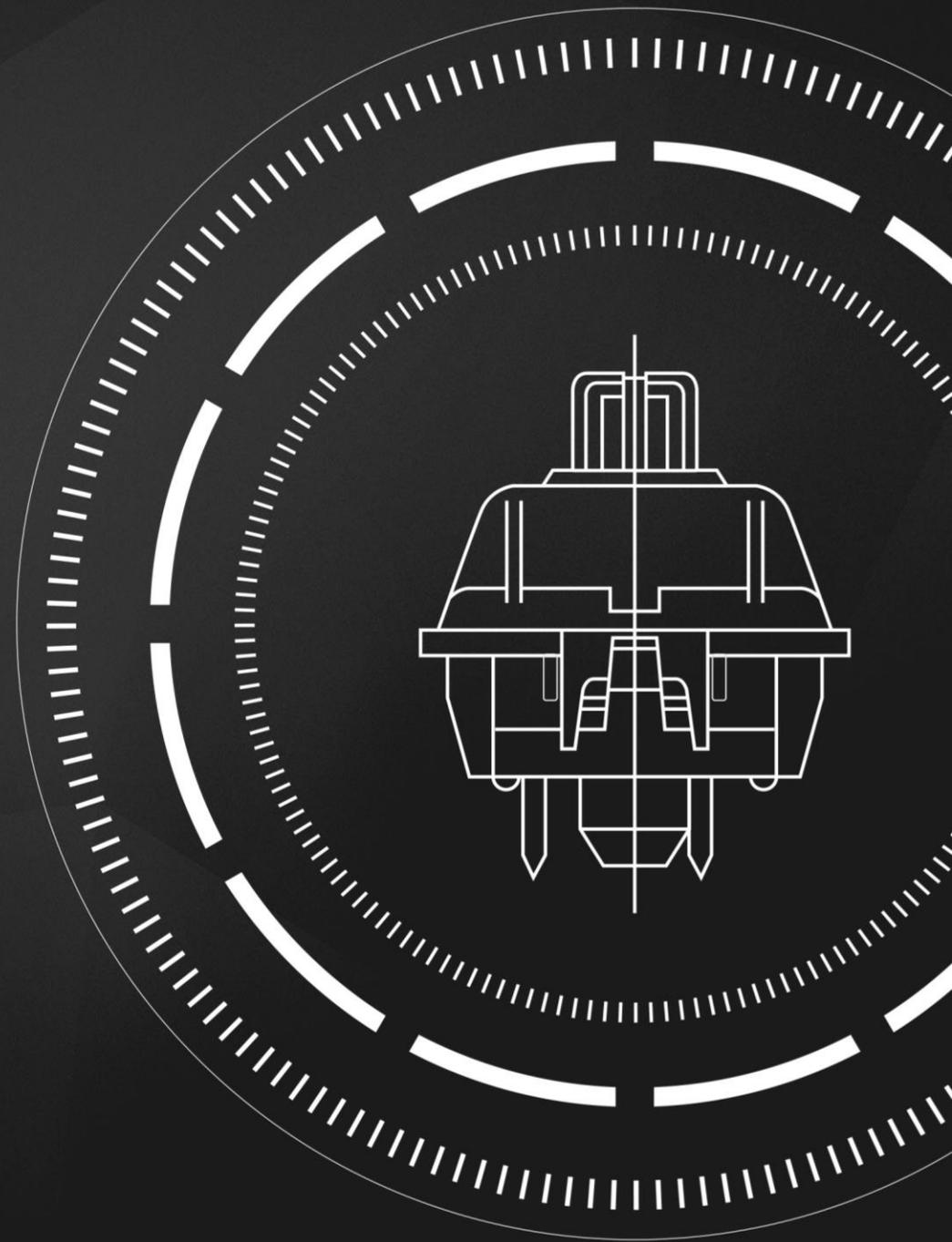
-  Continues expansion of long list 
-  Focus and deep dive on selected targets 
-  First discussions with potential targets initiated 
-  Expect to acquire 1-2 targets until mid 2022 

## ACQUISITIONS

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- **THEOBROMA – OCTOBER 2020**   
European developer & manufacturer with expertise in IoT, Industry 4.0 and Software Engineering
- **ACTIVE KEY – MAY 2021**   
European manufacturer of hygienic, anti-dust, washable keyboards & mice

THANK YOU



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# APPENDIX

“ ESG compliance is at the heart of our Company and forms the basis for respectful, reliable, trustful and long-term partnership with our business partners and associates.”

*Bernd Wagner  
CFO of Cherry Group*



## ENVIRONMENT

- Compliance with all relevant local and international environmental conventions and legislation
- Assembly processes with low environmental impacts
- Pollution prevention (e. g. water, air), waste management and energy efficiency processes

### Recent Initiatives:

- Environment officer established
- CO2 reduction by bundling transports
- Contracts signed for worldwide licensing concerning packaging, batteries and accumulators and WEEE (waste of electrical and electronic equipment)
- Exchanged plastics packing against silk paper
- Preparation of exchanging plastic bowl against Bio bowls to avoid plastic (role-out in 2021)



## SOCIAL

- Compliance with all relevant local labour laws, standards and regulations as well as international conventions on human rights
- Compliance with relevant local health and safety laws, standards and regulations
- Safe and healthy working conditions, training and education programmes for all employees
- Established Cherry compliance policy

### Recent Initiatives:

- Safety and fire protection officer established
- Prepared the role-out of a plastic reinforced bottom in the production to provide comfort and safety for workers
- 76 Trainings from EHS rolled out to staff in 2020



## GOVERNANCE

- Compliance with local legislation, international standards and regulation regarding anti-trust and corruption, see Cherry compliance policy
- High standards of business ethics and focus on transparency

### Recent Initiatives:

- Compliance officer established
- New signature rule roll-out incl. dual-control principle
- Cyber protection plan outsourced with regular controlled attacks

# DISCLAIMER 1/2



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Adjusted EBIT is calculated as EBIT (operating result/earnings before interest, taxes and income taxes) adjusted for the following either non-recurring items or non-operating items: (i) Staff expenses (incl. share-based staff expenses) / (income); (ii) expenses in connection with capital market transactions; (iii) expenses in connection with M&A Transactions; (iv) expenses in connection with natural disaster and pandemic, and (v) other one-off cost (the items (i) through (v), the "Adjustment Items").

Adjusted EBITDA is calculated as EBIT plus depreciation and amortization and adjusted for the Adjustment Items.

Adjusted EBIT Margin and Adjusted EBITDA Margin are calculated by dividing Adjusted EBIT and Adjusted EBITDA by revenue, as applicable.

Free Cash Flow is calculated as cash flows from operating activities less cash flows from investing activities.

Cash Conversion Rate is calculated as Free Cash Flow divided by consolidated profit/loss, expressed as a percentage.

Certain figures, including financial and market data, have been rounded and the relevant sums may not add up to 100% due to rounding.

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