



**CHERRY** 

**HAMBURGER INVESTORENTAG**

Investor Presentation – February 10, 2022

# CHERRY AT A GLANCE – FINANCIAL HIGHLIGHTS 9M 2021



€ 123.4m



29.6%



569



€ 63.4m

Liquidity up 176.9%



€ 43.1m

Net cash



M&A

Successful integration of Active Key



Founded 1953



German HQ



ca. 569 employees



x8 Global locations

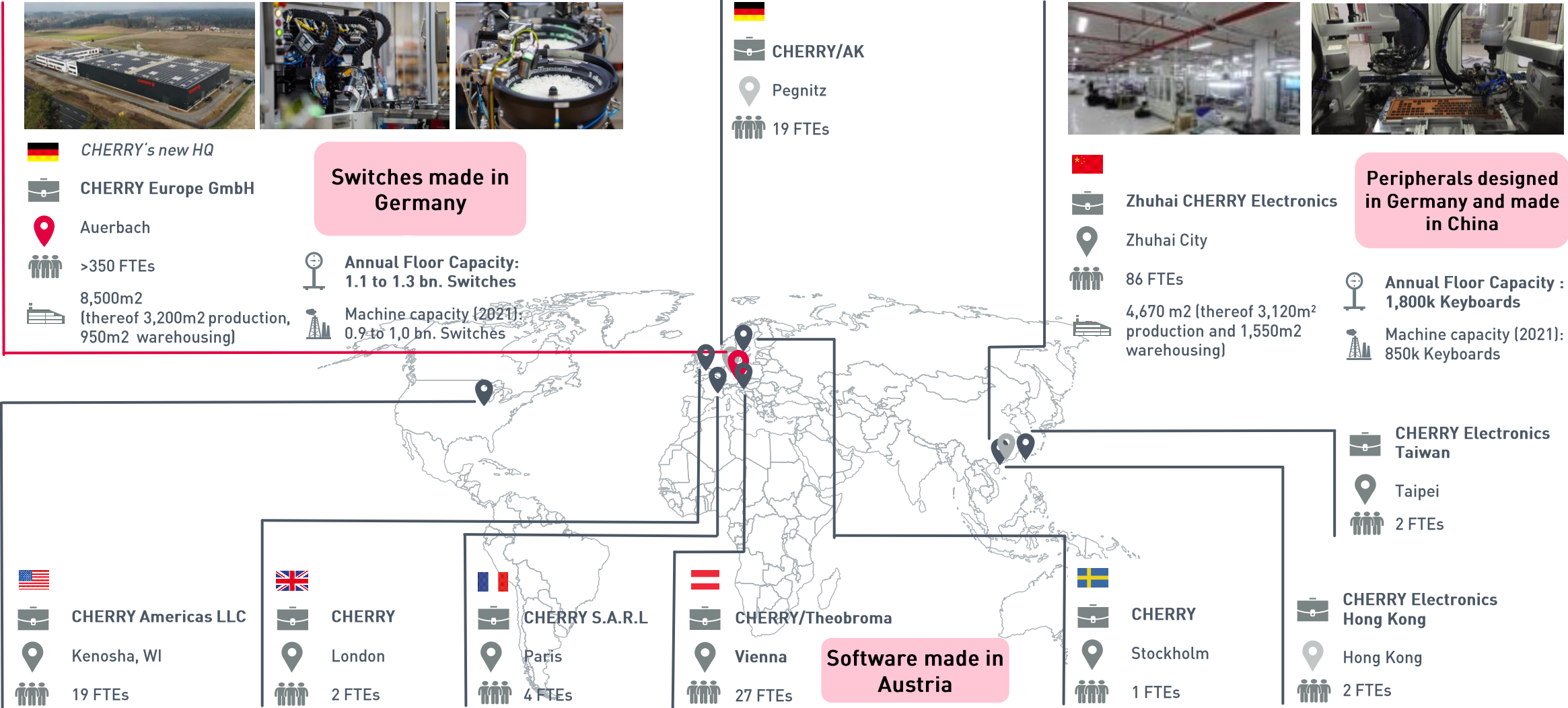


Global player in Switches



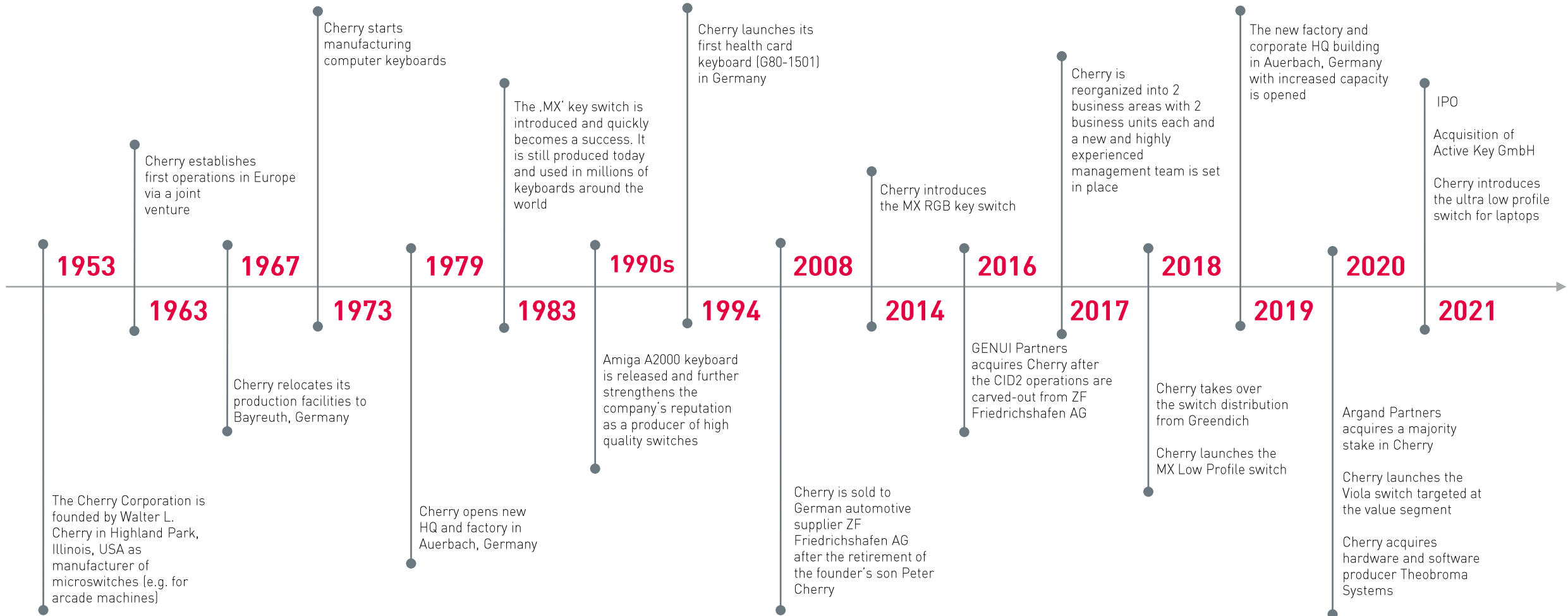
219 Trademarks, 48 Patents

# GLOBAL FOOTPRINT WITH HIGHLY AUTOMATED PRODUCTION





# LONG TRACK RECORD OF KEYBOARD MANUFACTURING



# INTRODUCING OUR BUSINESS AREAS

## GAMING

51.2% of Revenue (9M 2021)

### Business Unit Components

MX switch



Viola switch



Ultra low  
profile switch



Low profile  
switch



### Business Unit Gaming Devices

Gaming keyboard



Gaming mice    Gaming headsets



## PROFESSIONAL

48.8% of Revenue (9M 2021)

### Business Unit Peripherals

Ergonomic keyboards & mice



Wireless  
keyboards  
& mice



### Business Unit Digital Health

e-health terminal for  
German healthcare  
market



Encrypted key  
transmission  
keyboards



Disinfectable /  
washable  
keyboards & mice



Secure  
fingerprint mice



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# BUSINESS AREA GAMING

# OVERVIEW CHERRY KEYBOARD TECHNOLOGIES



## RUBBERDOME

- Reliable
- Cheap
- Quiet



## SCISSOR or CHERRY SX

- Keyboards particularly slim
- Improved typing experience
- Usually even a bit more quiet



## MECHANICAL or CHERRY MX, MX LP, MX ULP, VIOLA

- Numerous technical advantages
- Signal speed / Anti-ghosting / Full n-key rollover
- Long service life of up to 100m. Actuations
- High degree of switch individualization



# COMPETITIVE ADVANTAGES OF CHERRY MX TECHNOLOGY



## THE STANDARD

→ CHERRY MX has set the standard for the industry while competitors mostly just follow



## MADE IN GERMANY

→ Low failure rates, efficient manufacturing and industry-leading output



## MAXIMUM DURABILITY

→ Due to continuous improvement, CHERRY guarantees a significantly longer service life



## BEST CONTACT SYSTEM

→ The unique and unmatched gold contact system allows for incredible reliability and durability



## HIGHEST QUALITY

→ Inhouse lab and quality testing guarantee through extensive tests no compromise in quality



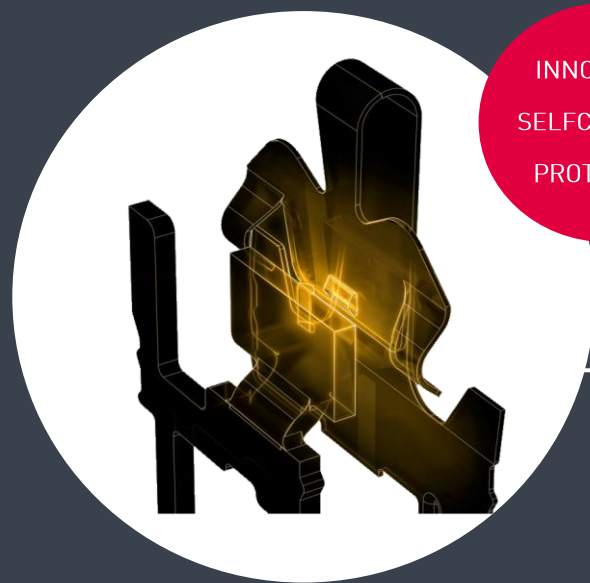
## INNOVATION LEADER

→ Numerous innovations were introduced by CHERRY MX thanks to inhouse development team



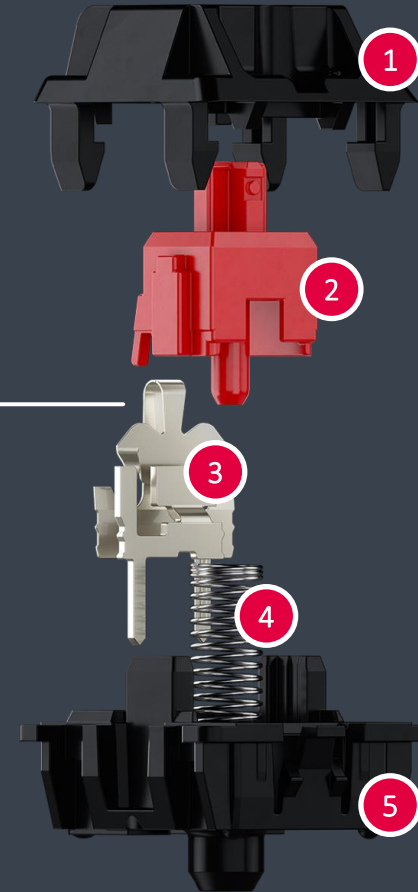
# INNOVATION LEADER FOR MECHANICAL SWITCHES

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



INNOVATION  
SELF-CLEANING  
PROTECTION

*The Launch of the  
MX switch in 1983*



## 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

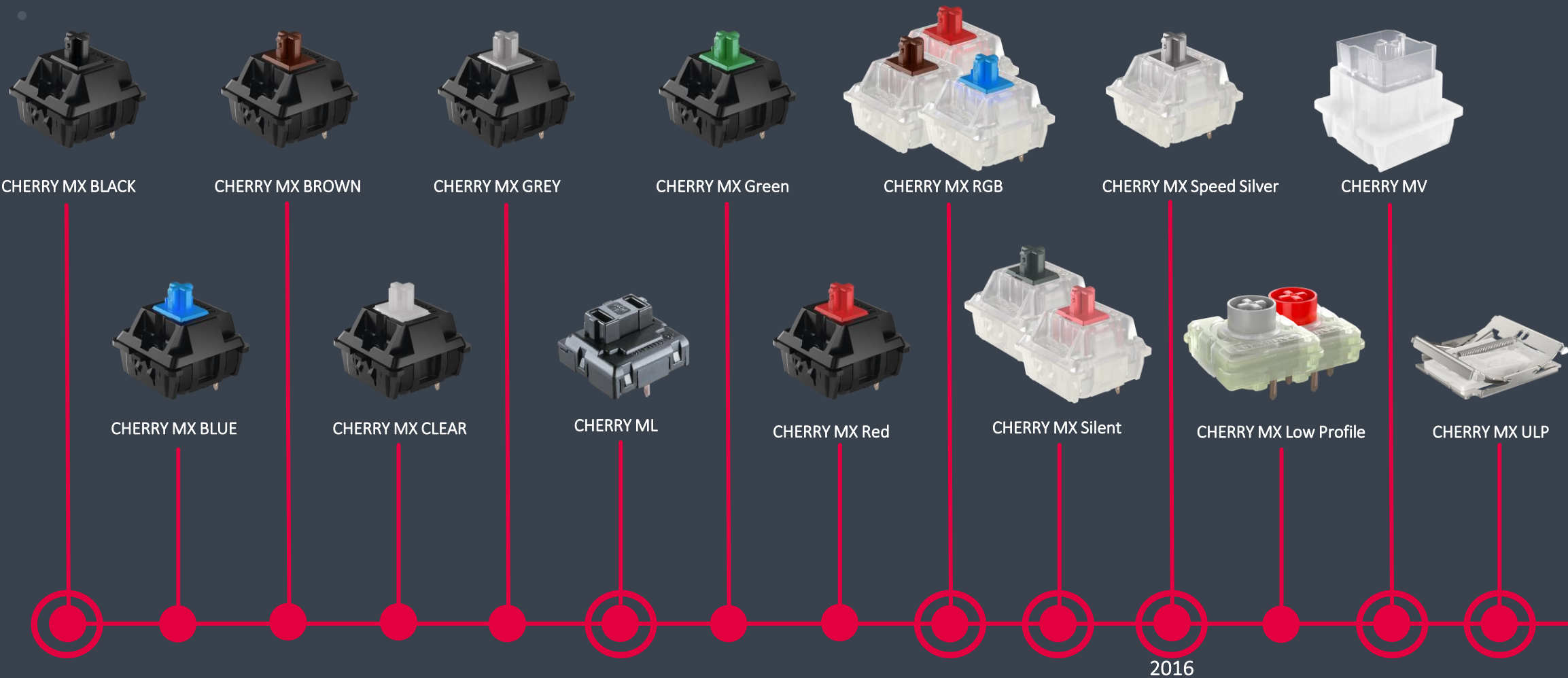
High-density molecular structure, made of metal alloy defines pressure characteristics and operating force for each switch type

## 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

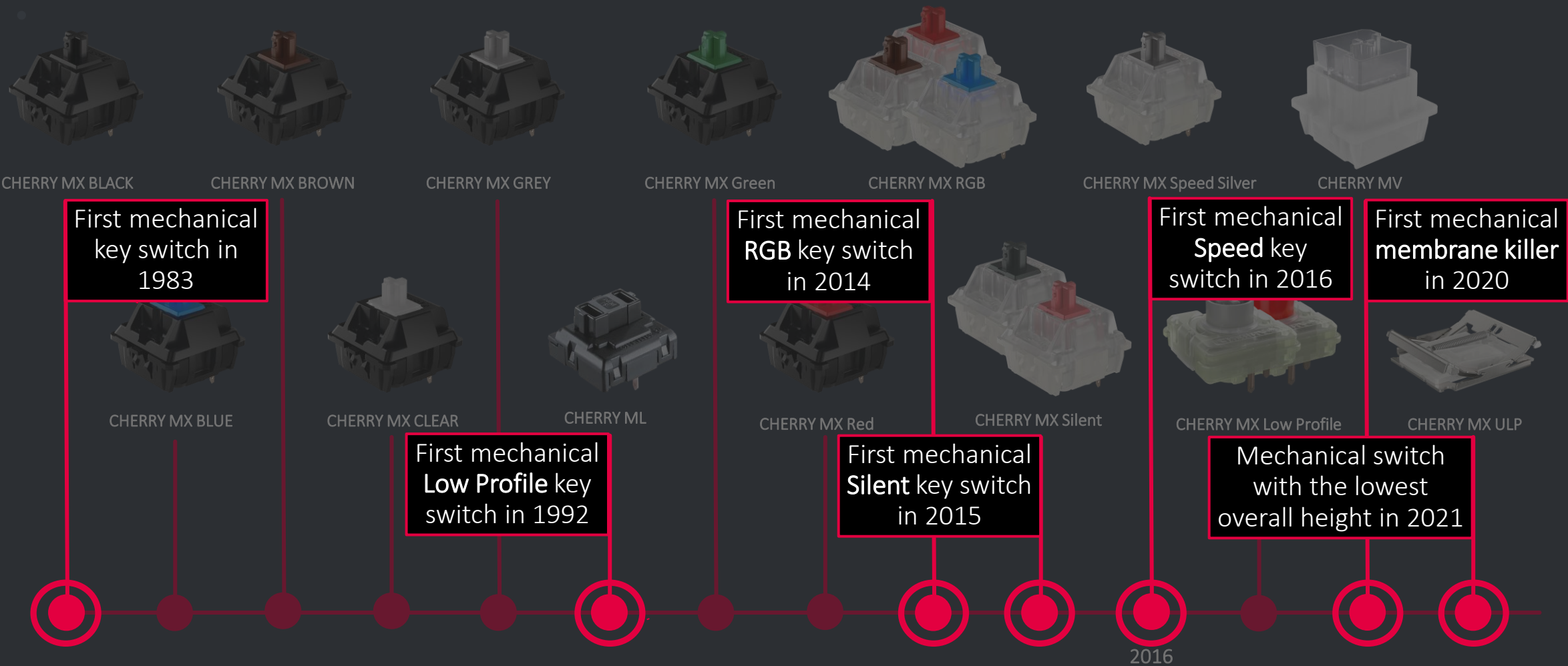
# THE CHERRY MX HISTORY

Innovation & Quality “Made In Germany”



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Innovation & Quality “Made In Germany”



# UNIQUE BRAND AWARENESS OF CHERRY SWITCHES



AW410K RGB Mechanical Gaming Keyboard, Alienware/DELL



Encoder Gaming Keyboard, OMEN/HP



ROG Strix Scope RGB Mechanical Keyboard, ROG/Asus



K70 RGB Mechanical Keyboard, Corsair



*"CHERRY INSIDE"*

*Distinguishes customer products  
to achieve premium pricing*



# CHERRY ULP-SWITCH – NEXT MILESTONE IN INNOVATION

## 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

# THE AWARD-WINNING SERIES

CHERRY MX 2.0S, HC 2.2 and MC 2.1.



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# BUSINESS AREA PROFESSIONAL

# RECENT 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



# MARKET LEADING E-HEALTH TERMINAL

## E-HEALTH TERMINAL ST-1506

- State-of-the-art card terminal solution for workplaces in German healthcare telematics infrastructure
- Approved by gematik GmbH and introduced for all service providers in the German healthcare system
- iF Design Award 2021 in the category of medical devices



## TYPICAL RECEPTION COUNTER/WORKPLACE



- Clinics/hospitals
- pharmacies
- dentist and doctor offices
- Continuously new customer groups added

## 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

### Components



### Gaming Devices



## PROFESSIONAL

### Peripherals



### Digital Health



# GROWTH DRIVERS FOR GAMING

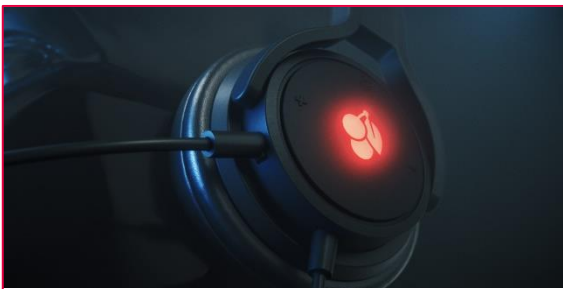
Global gaming market



Increasing number of gamers



Increasing public interest in eSports



Trend towards professionalization of gaming



Increasing game control complexity



High gamers' buying frequency and willingness to pay for mechanical keyboards



High popularity of PC games



# GROWTH DRIVERS FOR PROFESSIONAL

Global professional input devices market



The future of work is hybrid and work from home is a must for modern companies.



Increasing number of customers with a strong need for premium products and features (e.g.; wireless, ergonomics, security)



Increasing number of “digital creators”



Work from anywhere, provides a wider base for replacement cycles



All product segments undergo a shift from corded to wireless with improved battery (exchange) lifetimes.



More dedicated products for industrial and medical applications are rolled out.



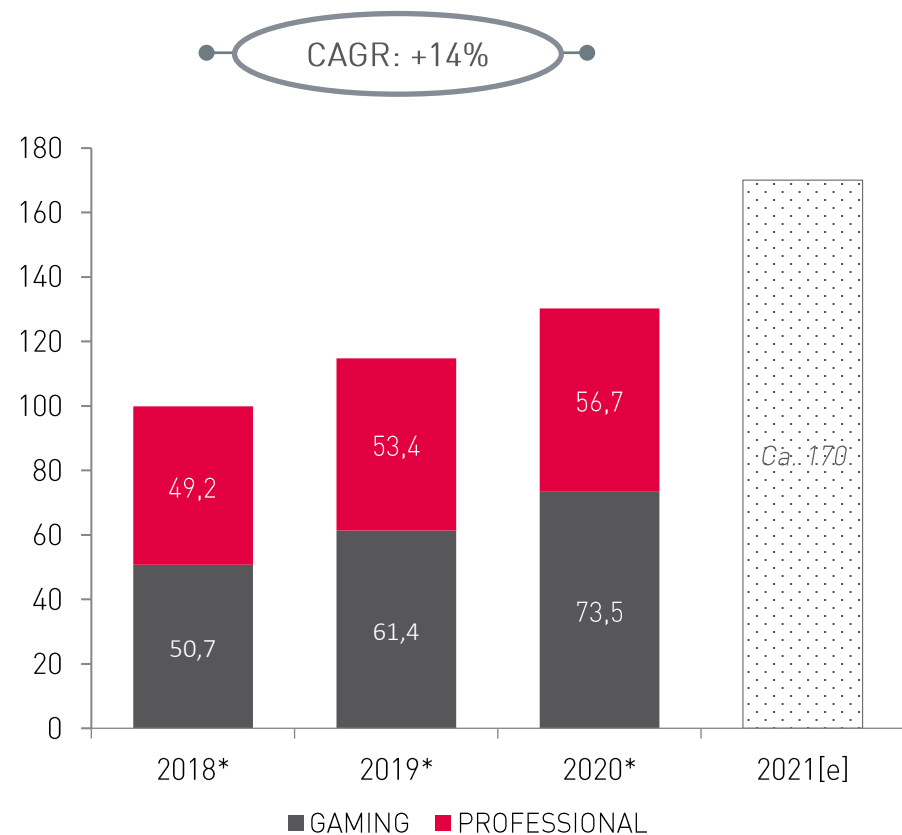
Further roll out of ST-1506 e-health terminal



# ACCELERATING ORGANIC GROUP REVENUE GROWTH

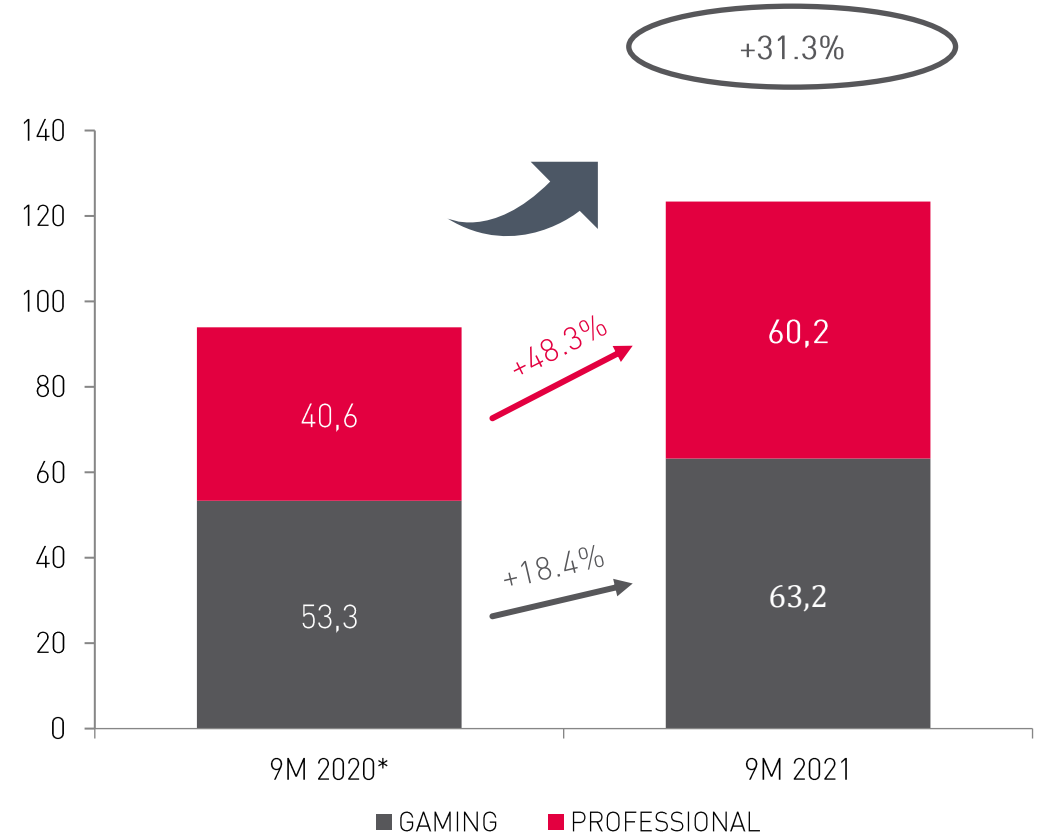
## TRACK RECORD OF DOUBLE DIGIT GROWTH

Revenue (in €m)



## ACCELERATING REVENUE GROWTH

Revenue (in €m)

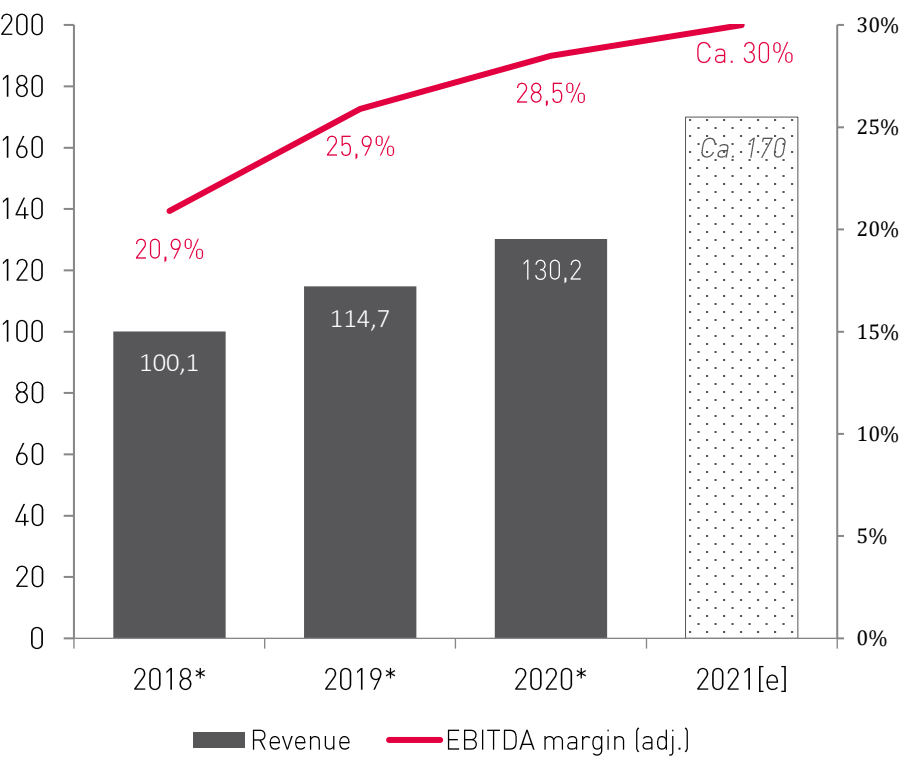


\* In the 2020 financial year, the Cherry AG Group did not yet exist in its current structure. Therefore, unaudited pro forma comparative figures of the Cherry AG Group are given for the prior-year period.

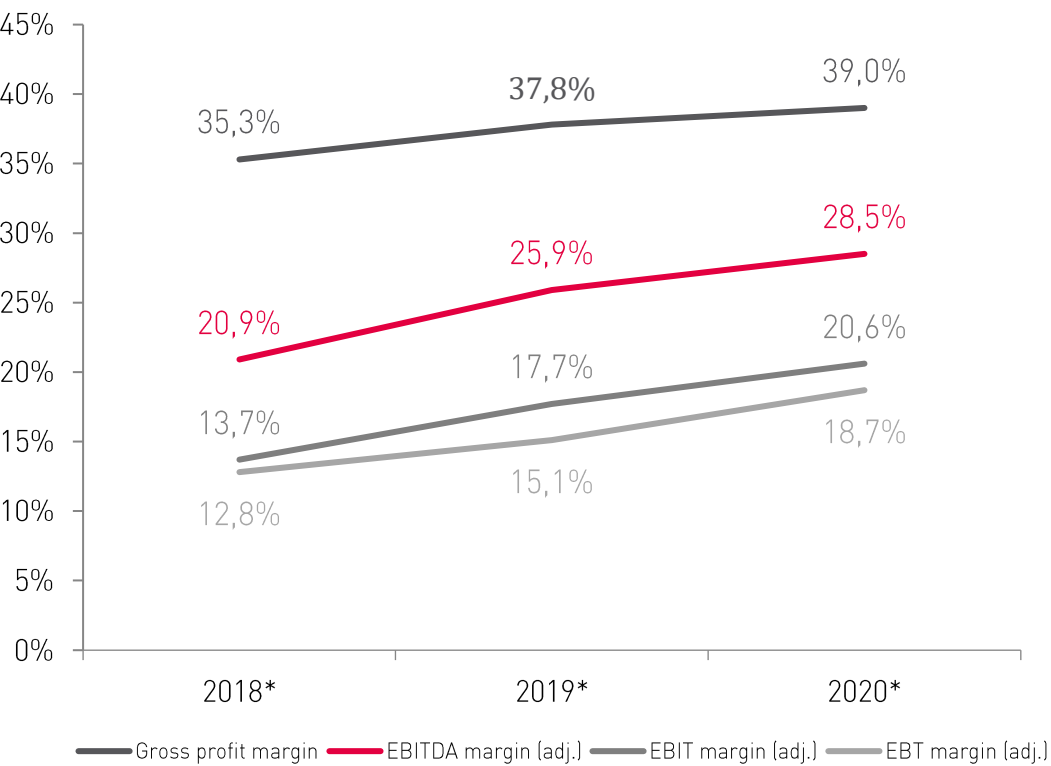
# TRACK RECORD OF PROFITABLE GROWTH

## IMPROVEMENT OF EBITDA MARGINS (ADJ.)

Revenue [in €m]



## DEVELOPMENT OF PROFITABILITY LEVELS



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# FORECAST FY 2021 – UNDERLYING GROWTH DYNAMICS

Profitable growth path

IN €M/ AS INDICATED	FY 2020*	9M 2021	FORECAST FY 2021
Revenue	130.2	123.4	<i>around 170</i>
EBITDA margin (adj.)	28.5%	29.6%	<i>around 30%</i>

BUSINESS UNIT	UNDERLYING GROWTH DYNAMICS
Components	+++
Gaming Devices	++
Peripherals	++
Digital Health	+++

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## FURTHER OUTLOOK

- Underlying multiple growth drivers and mega trends support mid- and long-term growth
- Supply chain disruptions, particularly in China, and temporary fluctuations in the ordering behavior of customers expected to continue in H1/2022
- Investments in organic growth will be reflected by somewhat subdued profitability margins in FY 2022

# DRIVING ORGANIC AND INORGANIC GROWTH

## STRATEGIC ELEMENTS FOR ORGANIC GROWTH

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- Expand global innovation leader position
- Develop products at the edge of technology
- Expand leading premium brand presence
- Deepen global market penetration

## OPERATIONAL MEASURES FOR ORGANIC GROWTH

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- Increase number, knowledge and expertise of employees
- Advanced innovation & development activities
- Expand marketing activities in B-2-B and B-2-C markets
- Increase capacity and degree of automation in production

## INORGANIC GROWTH STRATEGY / M&A

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- Focus on 4 existing business units
- Complementary products and markets
- Increase geographical strength
- Synergies for market access / sales channels

## M&A 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, microphones, other peripherals, ergonomic devices, etc.



# KEY INVESTMENT HIGHLIGHTS – WHY INVEST IN CHERRY?

1

Established number one global market position for mechanical gaming keyboard switches



Innovation and quality leader with a track record of successful new product development



Leading brand recognition in our core markets



Impressive financial profile with high margins and attractive cash conversion



Blue chip customer base due to leading technology



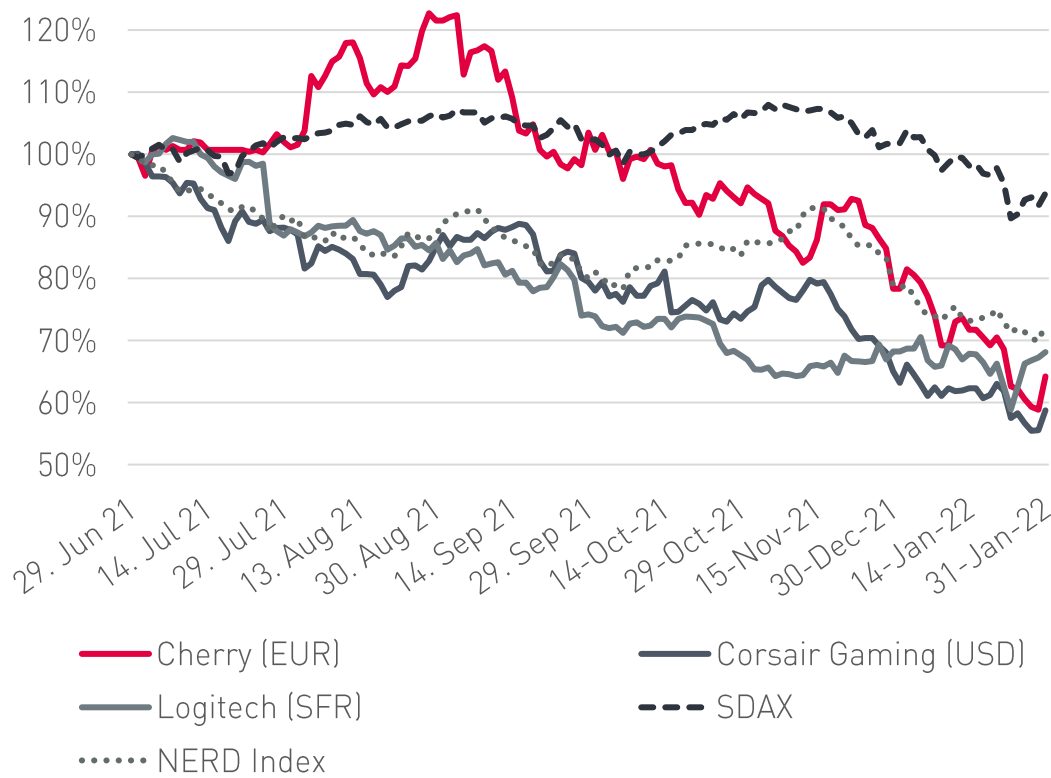
Growth driven by multiple mega trends in underlying markets



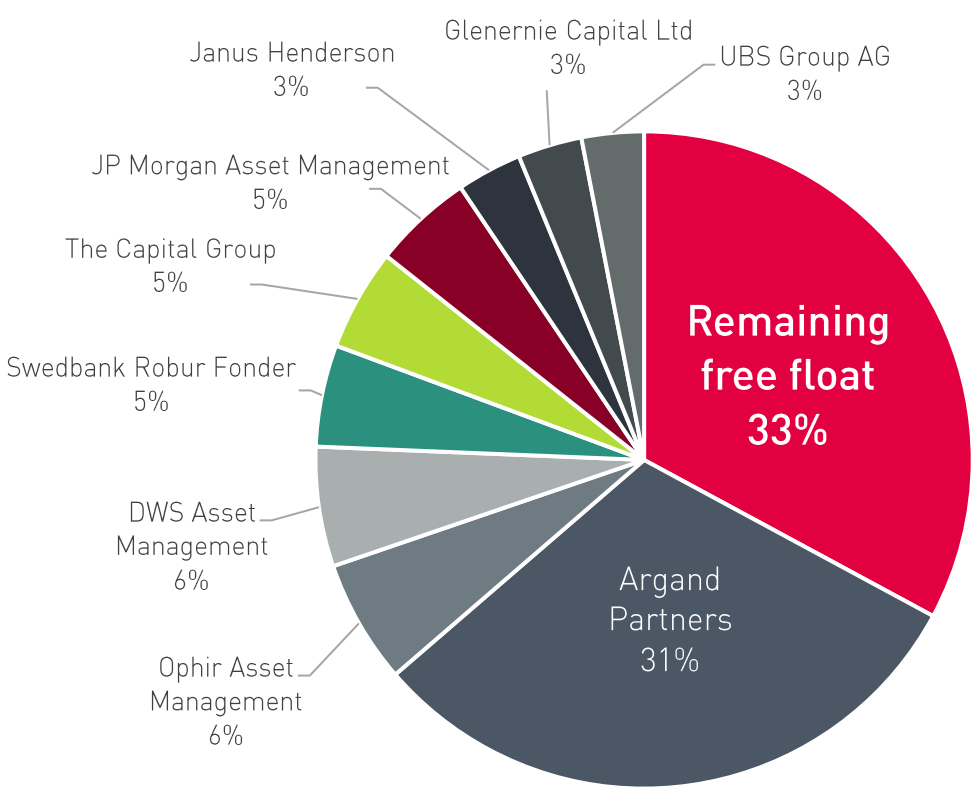
Global distribution and scalable manufacturing footprint with high-performance production assembly machines

# SHARE PERFORMANCE / CURRENT SHAREHOLDER STRUCTURE

RELATIVE SHARE PERFORMANCE



SHAREHOLDER STRUCTURE



# FORWARD LOOKING STATEMENTS

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## General remark

Figures may not add up due to rounding.



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# THANK YOU FOR YOUR ATTENTION

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