

70
YEARS



H1/23 ANALYST & INVESTOR PRESENTATION

AUG 14, 2023

SUCCESSFUL Q2/23 AS PREREQUISITE FOR H2/23 TARGET ACHIEVEMENT

H1/23 Revenue and adj. EBITDA above internal budget

MAIN CHERRY HIGHLIGHTS IN H1

- Overall business performance above own expectations
 - Peripherals continues to outperform market
 - Digital Health & Solutions with good momentum in Q2
- Operational Excellence gaining traction
 - Professional international sales steering and synchronization
 - Product alignment in Peripherals and Gaming finished
- Strategic repositioning of Components in execution
- Synchronization of Salesforce, Operations BI tool and SAP

MAIN FOCUS in H2

- Step up of international sales, margin and inventory steering with adequate cash conversion
- Emphasis on Digital Health & Solutions sales, increasing installed base ahead of addition of new services (SaaS)
- Deepening of OEM deal pipeline in Components

Latest developments in Q2/23



CHERRY KW X ULP high end keyboard – combines the advantages of a mechanical keyboard with the aesthetics of modern slimline devices – market launch in April.



GAMING GOES GLOBAL – International kick-off event at Saturn Xperion Cologne with international journalists, influencers, streamers, and partners on May 26.



CHERRY PIN pad 1516 - easy to disinfect and prepared with a 5 MP camera for reading data matrix codes (QR codes) – admitted by gematik on April 21.

KEY ACTION ITEMS IN H1/23

B2B2C

- Refinement of partner bonus and incentive program for T1 and T2
- Strong focus on synchronized sales steering across all channels
- Controlled inventory management both in own warehouses and in all distribution partner channels
- Full availability of all product lines in all countries, especially Gaming finished goods in Americas and Office products in APAC

B2C

- Strong focus on sales steering & inventory management
- Successful integration of XTRFY into Gaming and Office Peripherals BU
- Extension of product reach due to sponsorships and internationalization
- Expansion of eCommerce business both in breadth and depth
- Full availability of new microphone product series
- Market introduction of new high-end office keyboard with ULP-Switches
- Introduction of “Pokemon” Series Products in China

B2B

- Rigorous reduction of production overhead
- Switch production adjusted to current market situation (“built-to-order”) and latest demands
- Start of MX2 Production
- Launch of E-Health PinPad

CHERRY AT A GLANCE – FINANCIAL HIGHLIGHTS H1/23

Overall development of business activities above internal plan



€ 61.3m

Revenue with strong growth momentum in Q2
(+13.6% from Q1/23)



5.2%

EBITDA margin (adj.)
due to strong Q2/23 (13.8%)



448

Employees (FTE)
down 0.7% from Q1/23



€ -26.6m

Operating cash flow H1/23
(thereof € -8.7 in Q2/23)



€ 8.7m

Net debt
(Cash at bank € 52.4m)



M&A

Ongoing negotiations
with potential targets



Global market leader



Innovation and quality
leadership



Brand recognition



Blue chip customer
base



Global multichannel
sales



Scalable production
base



Solid financial profile

KEY FINANCIAL INDICATORS H1/23

Profitable growth in Q2/23 supports FY 2023 targets

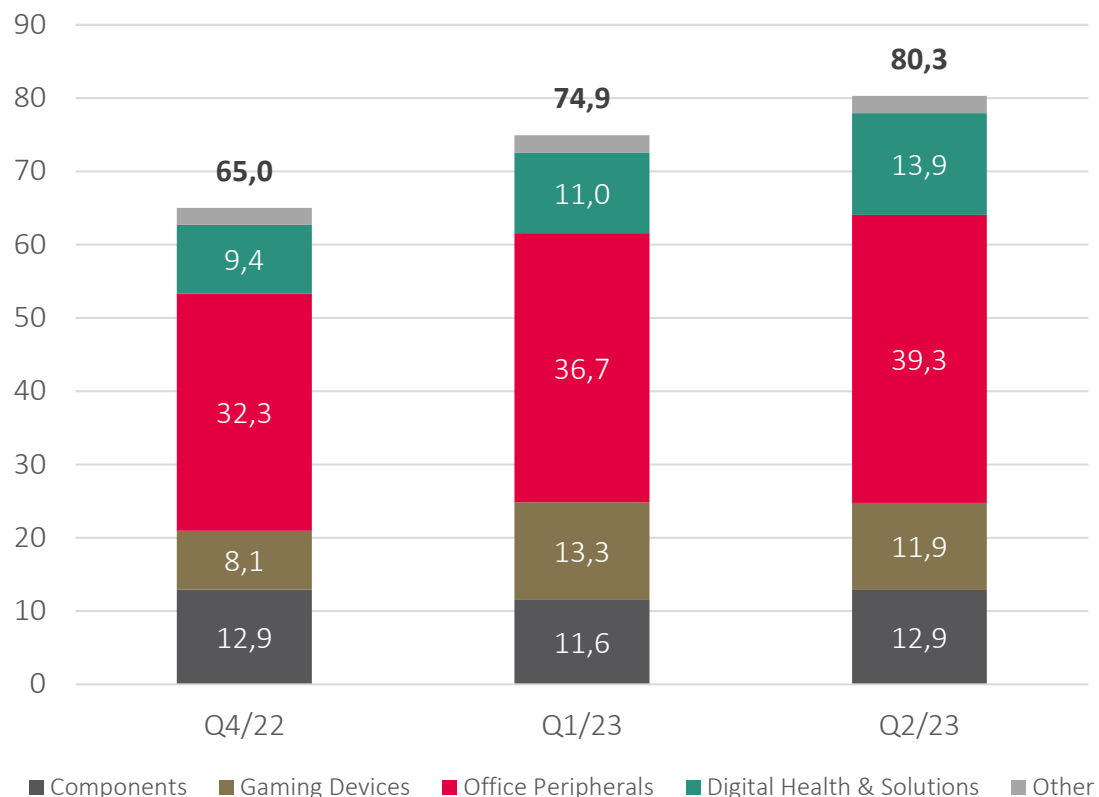
in € million/ As indicated	Q2/23	Q2/22	Δ	H1/23	H1/22	Δ
Revenue	32.6	32.9	-0.9%	61.3	65.9	-6.9%
Gross profit margin	36.6%	33.4%	3.2pp.	30.2%	31.6%	-1.4pp.
EBITDA margin	13.4%	12.9%	0.5pp.	2.5%	12.4%	-9.9pp.
(adj.) EBITDA	4.5	5.0	-10.4%	3.2	9.4	-66.2%
(adj.) EBITDA margin	13.8%	15.3%	-1.5pp.	5.2%	14.3%	-9.1pp.
EBIT	0.9	0.4	115.9%	-5.7	0.4	n.a.
Group result	0.3	-0.4	n.a.	-5.0	-0.6	n.a.

- **Group revenue mainly driven by**
 - Strong sequential growth in Q2 in Digital Health & Solutions, Office Peripherals, and Gaming Devices, thereby further gaining market shares in focus markets
 - Xtrfy included in Gaming Devices revenue in H1/23
- **Gross profit margin mainly impacted by**
 - Positive product mix effects
 - Significant reduction of cost of sales in Q2 (€ 20.7m) below 2-year average (ØQ2/21 – Q1/23: € 24.4m)
- **EBITDA margin (adj.) mainly driven by**
 - Higher gross profit margin in Q2/23

INVENTORIES SAFEGUARD TARGETED REVENUE IN H2/23

Inventory level has peaked in Q2/23, new mid-term inventory target range 25% to 30% of FY sales

STRUCTURE OF INVENTORIES [in €m]



- MX2 switch production launched for market introduction in H2/23, resulting in inventory uptick
- Initial stock level for Gaming Devices internationalization kick-off event in May already reduced in June
- Supply for further expansion of Peripherals business safeguarded – inflow of goods reduced significantly in Q3/23
- Strong focus on Cash Conversion in H2, year-end inventory level expected to be slightly above mid-term target range

	Q1/23	Q2/23	Δ
Components	11.6	12.9	11.2%
Gaming Devices	13.3	11.9	-10.7%
Office Peripherals*	36.7	39.3	7.1%
Digital Health & Solutions*	11.0	13.9	26.3%
Other	2.4	2.4	0.2%
Total	74.9	80.3	7.2%

* € 1.7m Security business inventories have been initially reported in Digital Health & Solutions in Q2/23 (previously: Office Peripherals).

CASH FLOW H1/23

Cash flow primarily impacted by inventory build-up and increase of trade receivables

in €m/ as indicated	H1/23	H1/22
Net result	-5.0	-0.6
Depreciation, amortization, impairment (+) on fixed assets	7.3	7.8
Increase (-) / decrease (+) in inventories, trade receivables and other assets	-19.6	-8.4
Increase (+) / decrease (-) in trade liabilities and other liabilities	-6.1	0.5
Other	-3.2	1.0
Operating Cash Flow	-26.6	0.3
Investing Cash Flow	-8.3	-6.3
Financing Cash Flow	-5.4	-4.4
Free Cash flow	-34.9	-6.1
Cash and cash equivalents at beginning of period	92.8	109.7
Cash and cash equivalents at end of period	52.4	99.7

- Operating cash flow mainly impacted by
 - H1/23 net results
 - Inventory build-up for internationalization & e-Commerce of PERIPHERALS business (Gaming & Office)
 - Increase in finished goods inventories to support targeted revenue growth in H2
 - Increase of trade receivables, driven by high sales levels in May and June with payment terms up to 90 days
- Operating cash flow in Q2/23 (€ -8.7m) improved vs. Q1/23 (€ -17.8m)
- Investing cash flow
 - Initial purchase price for Xtrfy Gaming (3.5m€)
 - Increase in capitalized development expenses
- Financing cash flow
 - Acquisition of treasury shares in H1/23 (€ 2.5m) as part of the share buy back program 2022

OUTLOOK FY 2023 CONFIRMED

Current fiscal year as a year of transition and consolidation



Revenue

€ 135 to 165m



(adj.) EBITDA margin

10% to 14%

- **GAMING***
Double-digit revenue growth and a slightly higher (adj.) EBITDA margin (2022: - 0.7%)
- **PROFESSIONAL***
Single-digit revenue growth and a slightly lower EBITDA adj. margin (2022: 17.0%), mainly due to higher Sales & Marketing costs

Key mid-term targets	Range (in % of Group revenue)
Inventories	25% to 30%
Research & Development expense ratio	3% to 4.5%
Selling & Marketing expense ratio	10% to 12.5%

Mid-term Outlook:

Return to an (adj.) EBITDA margin at Group level of over 20%

* Change in segment reporting from FY 24 with 3 operating segments.

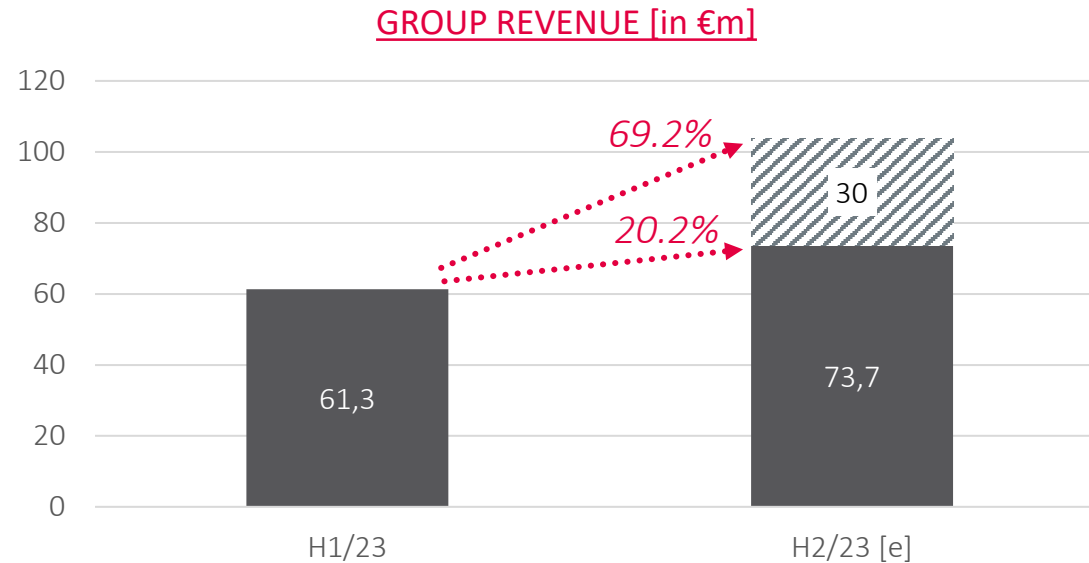
MAIN DRIVERS FOR H2/23

Continued growth momentum supporting the business performance in H2/23



Revenue Outlook FY 23

€ 135 to 165m



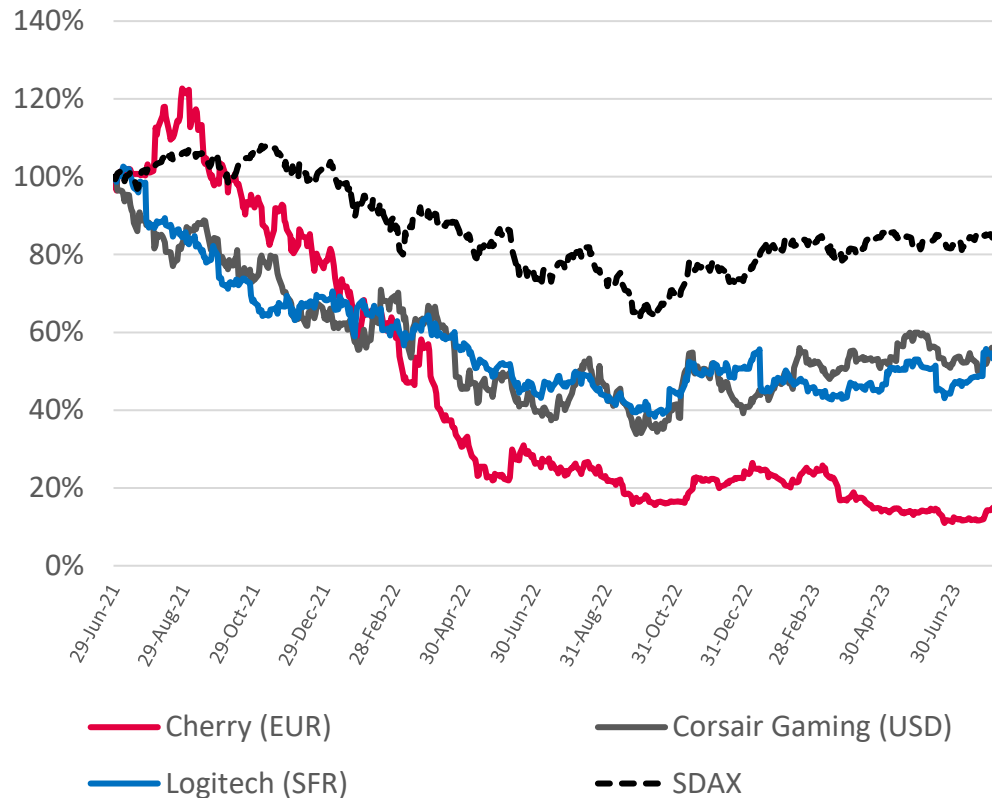
- Continued internationalization of Gaming Devices and Office Peripherals business to further penetrate European and US markets
- Seasonal peaks in demand in both B2C and B2B due to various sales events, i.e. "Black Friday", "Cyber Monday", and holiday season
- Various product launches and updates and increasing collaboration with influencers, e-sports organizations, etc.
- Current legislative projects establishing e-prescription as digital standard in pharmaceutical care from January 1, 2024, among others
- Initial sales from MX2 switch generation and increased sales of ULP switches

APPENDIX

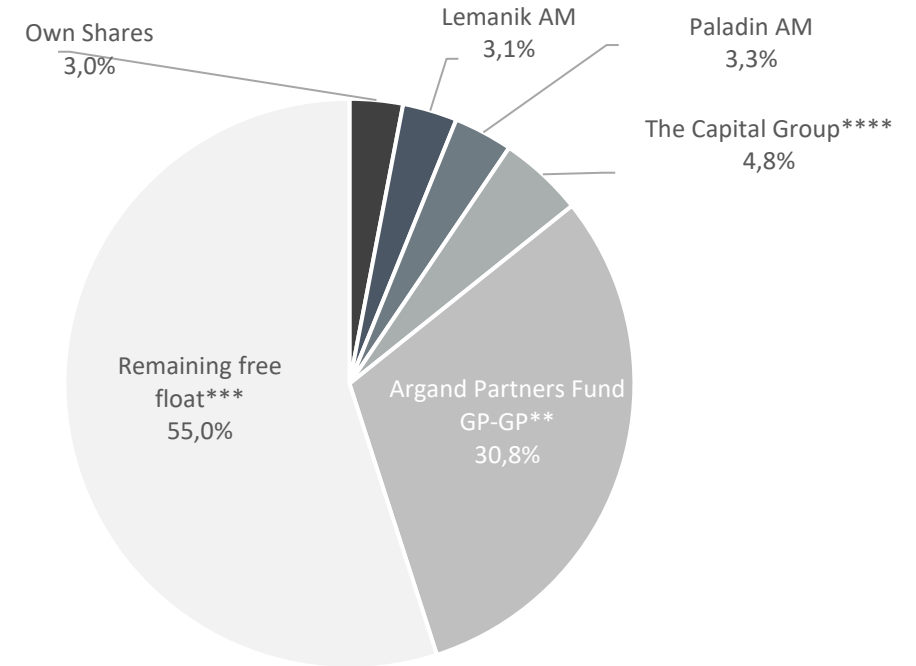


RELATIVE SHARE PERFORMANCE & CURRENT SHAREHOLDER STRUCTURE

RELATIVE SHARE PERFORMANCE



SHAREHOLDER STRUCTURE*



* Information is based on voting rights notifications pursuant to Art. 40, Para. 1 of the German Securities Trading Act (WpHG).

** Based on internal investor reporting to Cherry, not subject to disclosure.

*** Includes 0.3% held directly and indirectly by the members of the Management Board.

**** Includes 0.3% Rights to recall lent shares of Common Stocks.

CHERRY SHARE BUY BACK PROGRAM 2022 COMPLETED

OVERVIEW

- The Management Board has resolved on June 9, 2022, with the consent of the Supervisory Board, to launch a share buyback program using the AGM authorization of June 23, 2021.
- Within the framework of the Share Buyback Program 2022, up to a total of 2,000,000 shares (corresponding to up to 8.2 % of the existing share capital of the Company) may be repurchased
- from June 13, 2022, to June 30, 2023,
- at a total purchase price (excluding incidental acquisition costs) of a maximum of EUR 25.0 million
- up to a price cap of EUR 14.00 per share.

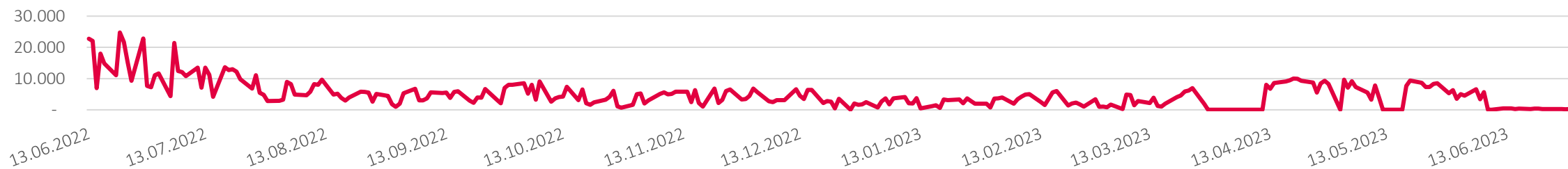
PROGRAMME COMPLETED AS OF JUNE 30, 2023

Period	No. of shares purchased	Average price (in€)	Purchased volume (in€)
Q2/22	215,318	9.0457	1,947,711
Q3/22	434,894	7.5458	3,281,642
Q4/22	256,905	6.1301	1,574,849
Q1/23	170,843	7.1235	1,217,002
Q2/23	266,462	4.6512	1,239,357
Total	1,344,422*	6.9031	9,280,680**

* Including 234,138 shares transferred in Q1/23 as part of the Xtrfy acquisition.

** Excluding Bank Commissions.

DAILY NO. OF SHARES REPURCHASED



FINANCIAL CALENDAR 2023*

DATE	EVENT
August 14	Half-year report 2023
September 4/5	Equity Forum
September 18/19/20	Berenberg Flagship German Corporate Conference
November 15	Interim report for Q3/9M 2023
November 16	Münchener Kapitalmarkt Konferenz

* Expected dates, subject to change..

FORWARD LOOKING STATEMENTS

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General remark

Figures may not add up due to rounding.

THANK YOU FOR YOUR ATTENTION

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