INTERIM STATEMENT THIRD QUARTER

Q3/2022

CHERRY

KEY GROUP FIGURES (IFRS)

€ million / as reported	July 1 to Sept. 30, 2022	July 1 to Sept. 30, 2021	Change	Jan. 1 to Sept 30, 2022	Jan 1 to Sept. 30, 2021	Change
Revenue	32.1	43.1	-25.4%	98.0	123.4	-20.6%
of which GAMING	10.3	21.2	-51.4%	35.1	63.2	-44.5%
of which PROFESSIONAL	21.8	21.9	-0.5%	62.8	60.2	4.3%
Gross profit	10.4	17.7	-41.0%	31.3	50.8	-38.5%
Gross profit margin	32.5%	41.1%	-8.6 pp	31.9%	41.2%	-9.3 pp
EBITDA	3.5	12.2	-71.3%	11.7	31.1	-62.4%
EBITDA (adjusted) [1]	4.2	12.3	-65.9%	13.6	36.5	-62.7%
EBITDA margin	10.9%	28.3%	-17.4 pp	11.9%	25.2%	-13.3 pp
EBITDA margin (adjusted) [1]	13.0%	28.6%	-15.6 pp	13.9%	29.6%	-15.7 pp
EBIT	-0.2	8.4	-102.4%	0.2	20.1	-99.2%
EBIT (adjusted) [1]	0.4	8.5	-95.3%	2.1	25.6	-91.9%
Group net loss/profit	-0.1	6.1	-101.3%	-0.7	3.5	-119.5%
Earnings per share (in €)	0.00	0.25	-100.0%	-0.03	0.17	-117.6%
Cash flows from operating activities	-1.1	5.7	-118.6%	-0.8	1.5	-152.3%
Cash flows from investing activities	-3.0	-1.8	66.1%	-9.3	-9.9	-5.5%
Free cash flow	-4.1	3.9	-203.8%	-10.1	-8.4	20.6%

€ million / as reported	Sept. 30, 2022	Dec. 31, 2021	Change
Total assets	414.1	411.0	0.8%
Cash and cash equivalents	91.3	109.7	-16.8%
Net working capital [2]	49.7	38.0	30.8%
Equity	291.4	293.2	-0.6%
Equity ratio	70.4%	71.3%	-0.9 pp
Net debt [3]	-27.3	-44.4	-38.5%
Employees	525	554	-5.2%

Share	
ISIN	DE000A3CRRN9
WKN	A3CRRN
Ticker (trading symbol)	C3RY
Share type	Ordinary bearer shares (no par value)
First quotation	June 29, 2021
Total number of outstanding shares	24,300,000
Thereof: number of own (treasury) shares	650,212
Stock exchange and segment	Prime Standard/regulated market FWB
Designated sponsor	Hauck Aufhäuser Lampe
Xetra closing price on September 30, 2022	€ 5.39
Market capitalization as of September 30, 2022	€ 130.3 million

1 Adjusted for one-time and/or non-operating items
2 Net amount of current assets (excluding cash and cash equivalents) and current liabilities (excluding financial debt)
3 Liabilities to banks, current and non-current lease liabilities, and pension provisions less cash and cash equivalents

DEAR SHAREHOLDERS,

The economic climate did not improve during the third quarter 2022. Alongside general price increases, high inventory levels at customers and distributors, and partial disruptions in the supply chain, particularly due to the local zero-covid policy being practiced in China, business was also held down in the third quarter by a strong US dollar and a significant decline in spending on consumer electronics in our key markets of Europe, the United States, and China. These developments had a particularly negative impact on our business with CHERRY MX keyboard switches. In this context, we took the decision to downsize personnel capacities at the Auerbach site in the areas of production, maintenance, and warehousing, to the extent possible in a socially responsible manner, by means of a voluntary reconciliation of interests and a social plan. The move will result in the shedding of around 50 jobs by the end of the year.

Our business activities in the third quarter primarily comprised expanding and modernizing our product portfolio, strengthening customer relationships, and enhancing the sales network. For example, in China we presented the CHERRY MX LP 6.1 and LP 2.1 Compact Wireless keyboards with a compact 68-key layout, both of which are fully in line with current demand trends on account of their underlying smart concept for delivering "Professional performance – for gaming or work". Above all, gaming enthusiasts around the world purchase our state-of-the-art keyboard switches with the aim of additionally customizing their gaming keyboards to meet their specific needs. With this point in mind, we recently unveiled our CHERRY MX Ergo Clear, which features highly tactile switching behavior without an audible click and a comparatively low actuation force. This model is the first special edition of a DIY community switch from CHERRY MX, with which we are once again playing a trendsetting role in the gaming community by creating an even broader range of customization options. Another good example of our most recent product launches is the KW 9100 Slim Design keyboard, a stand-alone product manufactured for high-end office users. This low-profile keyboard with AES-128 encryption technology for improved data protection comes with a solid metal base and is ideal for a wide variety of work environments, whether in the office or working from home. Wireless connectivity enables the user to simply switch back and forth between radio frequency and Bluetooth® transmission.

While we continue to consistently expand our customer relationships in all four fields of business, at the same time we are growing our sales presence, both in the B2B business through new distribution agreements and with our targeted e-commerce activities. The rapid expansion of e-commerce via Amazon in Europe is already being reflected in increased revenue from office peripherals, despite a highly challenging market environment overall.

The PROFESSIONAL business area's share of total Group revenue amounting to EUR 98.0 million (9M/2021: EUR 123.4 million) increased to approximately 64.1% (9M/2021: 48.8%). The shift in the product mix within the Group, unused production capacity, general price increases for materials and logistics costs, and start-up and implementation costs in connection with the e-commerce strategy were the main reasons for a lower adjusted Group EBITDA of EUR 13.6 million for the first 9 months of the current fiscal year (9M/2021: EUR 36.5 million), corresponding to an adjusted EBITDA margin of 13.9% (9M/2021: 29.6%).

Against the backdrop of the increasing global slowdown in economic growth and rising inflation triggered by the war in Ukraine, ongoing supply chain disruptions caused by the lockdowns in China, high inventory levels at customers and distributors, and the corresponding decline in demand for certain types of mechanical keyboard switches, we have adjusted our outlook for the fiscal year 2022 and now expect Group revenue of between EUR 130 million and EUR 140 million (previous forecast: between EUR 150 million and EUR 170 million) and an adjusted EBITDA margin of 13% to 15% (previously 14% to 19%).

The long-term underlying growth trends in gaming, hybrid workplaces, and the digitization of the German healthcare system continue to be positive factors for Cherry.

To conclude, we would like to take this opportunity to extend our sincere thanks to all our employees for their exceptional commitment during this challenging period.

Munich, November 2022

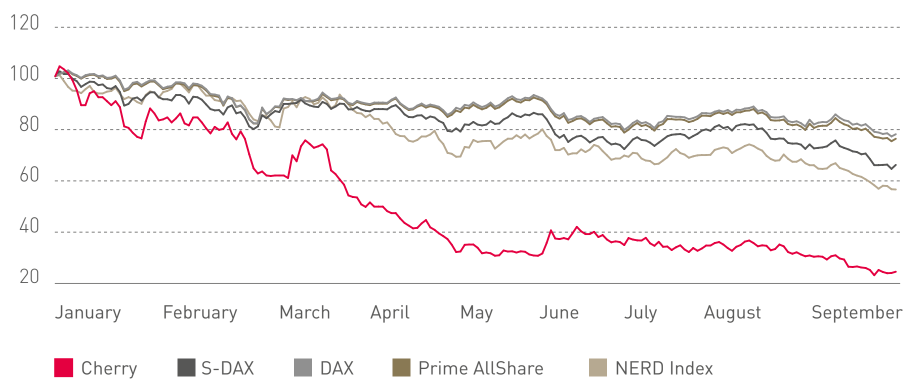
Rolf Unterberger (CEO) | Bernd Wagner (CFO) | Dr. Udo Streller (COO)

CHERRY ON THE CAPITAL MARKET

Since it was founded in 1953, Cherry has been synonymous with innovative, high-quality products developed specifically to meet the various needs of its customers. Cherry AG is a globally operating manufacturer of high-end mechanical keyboard switches and computer input devices for applications in the fields of gaming, e-sports, office, industry, and healthcare. Cherry AG is listed in the Prime Standard quality segment of the Frankfurt Stock Exchange with its bearer shares (ISIN DE000A3CRRN9, WKN A3CRRN).

RELATIVE PERFORMANCE OF THE CHERRY SHARE

in %



SHAREHOLDER STRUCTURE[1]

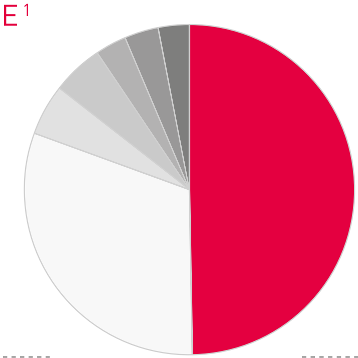
3.0% Cherry AG (Treasury Shares)

3.2% Glenernie Capital Ltd

3.2% UBS Group AG

5.0% The Capital Group Companies

5.0% Swedbank Robur Fonder



30.8%
Argand Partners Fund GP-GP[2]

49.8%
Remaining free float[3]

1 Information is based on voting rights notifications pursuant to Art. 40, Para. 1 of the German Securities Trading Act (WpHG).
2 Based on internal investor reporting to Cherry, not subject to disclosure.
3 Includes 3.2% held directly and indirectly by the members of the Management Board.

INVESTMENT HIGHLIGHTS

Global market leader
Established market position as global market leader for mechanical gaming keyboard switches

Global multichannel sales
Comprehensive mix of sales channels (distributors, resellers, systems houses, retailers, e-tailers, DTC)

Innovation and quality leadership
Impressive track record since 1953 in developing high-quality product innovations

Scalable production base
Highly automated assembly machines and warehouse robotics

Brand recognition
High international brand recognition and brand loyalty in core markets

Solid financial profile
High profitability and attractive cash conversion

Blue chip customer base
Prestigious customers place their trust in reliable, high-quality Cherry technology

ANALYSTS

Institute	Analyst	Recommendation	Target Price[1]	Date
ABN AMRO / ODDO BHF	Julian Dobrovolschi, Leopoldo Palazzi Trivelli	Neutral	€ 9.80	November 9, 2022
Hauck Aufhäuser Investment Banking	Marie-Thérèse Gruebner, Tim Wunderlich, CFA	Buy	€ 14.00	November 8, 2022
Metzler Capital Markets	Tom Diedrich	Buy	€ 11.00	November 8, 2022
Montega AG – Equity Research	Miguel Lago Mascato, Sebastian Weidhüner	Buy	€ 15.00	November 8, 2022
Warburg Research	Jörg Philipp Frey, Andreas Wolf	Buy	€ 16.00	November 8, 2022

1 Cherry AG updates the analyst overview regularly. The evaluations presented here merely reflect the opinion of the financial institutions, research companies or analysts named therein. Cherry AG assumes no liability for the selection, timeliness, completeness or accuracy of the analyst recommendations reproduced and their content nor the consensus listed here. Interested parties are recommended to obtain research reports from the respective analysts directly or from the corresponding financial institutions or research companies. Cherry AG does not provide research reports.

Professional performance when gaming or at work

READY TO GO – the all-new CHERRY MX-LP 6.1 Compact Wireless gaming keyboard with 68 keys and CHERRY MX Low Profile switches technology. This slim mechanical keyboard in a high-quality aluminum housing provides professional performance when gaming or at work. Our CHERRY Advanced Wireless Technology enables interference-free and incredibly fast gaming mode with a latency of less than 1 ms. Multi-use Bluetooth with three channels to switch between multiple devices at the touch of a button. Thanks to impressive RGB lighting in more than 16 million colors and numerous preset color routines users can also create their own lighting effects and store them directly on the keyboard in its integrated memory. The CHERRY button provides quick access to the CHERRY gaming software for easy customization of all keyboard settings. Together with the internal silicone padding and foam cushions, it makes the keyboard pleasantly quiet. The color scheme varies from model to model.

BUSINESS PERFORMANCE

Business performance in the third quarter of the current fiscal year largely reflected the developments observed over the course of the first six months and continued to be hampered by adverse economic and geopolitical conditions. High inflation rates in key sales regions, particularly in Europe and the USA, as well as fears of a global recession triggered by the COVID-19 pandemic and the war in Ukraine led to a high level of economic uncertainty.

Demand for mechanical keyboard switches and gaming keyboards decreased noticeably year on year as a result of repeated temporary closures at Chinese production and logistics sites, both at Cherry and at customers. With Cherry's distributors and customers currently in the process of selling off their sizeable inventories and – since the beginning of the year – consumers favoring smaller gaming keyboards with a lower number of mechanical keyboard switches, production capacity utilization for classic MX switches was reduced significantly during the period under report.

In response to the drop in demand, production in Auerbach has partially been operating on a short-time working hours basis since the beginning of the second quarter 2022. Reduced employment levels and the pro-rata reimbursement of short-time working allowances by the German Federal Employment Agency amounting to EUR 1.2 million enabled Cherry to save a total of around EUR 0.8 million in personnel costs during the six-month period from April to September 2022. The measure has been extended for the time being until December 31, 2022 and the further reimbursement of short-time working allowances has already been approved by the German Federal Employment Agency for this period.

Moreover, Cherry is in the process of adjusting its personnel capacities for keyboard switch production, maintenance, and warehousing in line with the changed economic conditions and will continue to take advantage of lower personnel requirements over the course of the coming fiscal year resulting from the modernization of production facilities ("MX Gen.4"). As part of a voluntary reconciliation of interests and a social plan adopted jointly with the employee representatives of Cherry Europe GmbH, which was communicated to the workforce at the beginning of September, some 50 jobs will be cut at the Auerbach site by the end of 2022. A provision of EUR 0.5 million has been recognized for restructuring costs.

Unless otherwise stated, the notes to the income statement relate to the first three quarters of the current fiscal year (reporting period), while the comparative figures relate to the same period of the previous fiscal year (prior year). Explanatory notes to the consolidated statement of financial position refer to September 30, 2022 (end of current reporting period); comparative figures refer to the year-end reporting date for the previous fiscal year (December 31, 2021).

Due to differences in the presentation of units in the report, minor rounding differences may occur for the summation of individual figures or in the presentation of differences between the reporting period and the comparable period.

In the GAMING business area, revenue generated by the COMPONENTS business unit fell by 60.8% to EUR 17.7 million (9M/2021: EUR 45.3 million) due to the above-mentioned factors. Demand for the new ULP technology switches exceeded the currently available production capacity. The GAMING DEVICES business unit, on the other hand, generated revenue of EUR 17.4 million, only slightly below the previous year's figure of EUR 17.8 million (-2.5%), despite the prevailing adverse market conditions. At EUR 3.8 million, adjusted EBITDA for the GAMING business area was 84.1% down on the previous year (9M/2021: EUR 23.8 million). The adjusted EBITDA margin came in at 12.3% compared to 24.8% one year earlier.

The PROFESSIONAL business area continued to perform well, despite the current unfavorable economic conditions. Accordingly, revenue increased by 4.3% to EUR 62.8 million year on year (9M/2021: EUR 60.2 million). The expansion of our e-commerce activities via Amazon made it possible to exploit initial market potential in the PERIPHERALS business unit. With the founding of Cherry E-Commerce GmbH and the accompanying recruitment of 13 employees specialized in e-commerce, the groundwork has now been laid for expanding our business with retail customers (B2C). Revenue generated with office peripherals grew by 4.4% to EUR 43.9 million (9M/2021: EUR 42.0 million). The DIGITAL HEALTH business unit also performed positively, with revenue up by 4.1% to EUR 18.9 million (9M/2021: EUR 18.2 million). Demand for hygienic computer input devices is currently very high, driven in part by the COVID-19 pandemic. Demand for eHealth terminals remained solid throughout the first three quarters of the current fiscal year, despite various delays in the telematics infrastructure concerning the implementation of new specialist applications such as eRezept or the electronic patient record as well as the replacement of connectors. To safeguard our innovative strength and further bolster our currently strong competitive position, development expenditure in the DIGITAL HEALTH business unit was significantly stepped up in order to drive forward product developments for the targeted expansion and modernization of our portfolio. At EUR 2.8 million, the figure was 89.4% above the level recorded one year earlier (9M/2021: EUR 1.5 million). Adjusted EBITDA for the PROFESSIONAL business area fell by 22.8% to EUR 9.8 million (9M/2021: EUR 12.7 million). The adjusted EBITDA margin came in at 15.7% compared to 21.1% one year earlier.

The PROFESSIONAL business area's share of total revenue increased to 64.1% (9M/2021: 48.8%), while the GAMING business area's share decreased correspondingly to 35.9% (9M/2021: 51.2%).

rial and logistics costs. Moreover, non-recurring items had a negative impact on the gross margin during the period under report. On the one hand, a provision of EUR 0.5 million was recognized for restructuring measures, and on the other hand marketing development funds (MDFs) – reported in the previous year as marketing and selling expenses – have now been reported as a EUR 1.3 million reduction of revenue in accordance with IFRS 15.

Research and development costs increased by 29.6% year on year to EUR 6.2 million (9M/2021: EUR 4.8 million), corresponding to an R&D ratio of 6.3% (9M/2021: 3.9%), reflecting higher expenditure on the development of new products for targeted portfolio expansion, mainly in the DIGITAL HEALTH business unit. In conjunction with the continued strategy of achieving organic growth, marketing and selling expenses rose by 23.1% to EUR 13.9 million (9M/2021: EUR 11.3 million), resulting in a selling

	GAMING			PROFESSIONAL			Group		
€ million / as reported	**Jan. 1 to Sept. 30, 2022**	Jan. 1 to Sept. 30, 2021	Change	**Jan. 1 to Sept. 30, 2022**	Jan. 1 to Sept. 30, 2021	Change	**Jan. 1 to Sept. 30, 2022**	Jan. 1 to Sept. 30, 2021	Change
Revenue (with third parties)	35.1	63.2	-44.5%	62.8	60.2	4.3%	98.0	123.4	-20.6%
Gross profit	5.6	25.9	-78.4%	25.6	25.0	2.4%	31.3	50.8	-38.4%
Gross margin	16.0%	40.3%	-24.3 pp	40.8%	41.4%	-0.6 pp	31.9%	41.2%	-9.3 pp
EBITDA (adjusted)[1]	3.8	23.8	-84.0%	9.8	12.7	-22.8%	13.6	36.5	-62.7%
EBITDA margin (adjusted)[1]	10.8%	37.7%	-26.9 pp	15.7%	21.1%	-5.4 pp	13.9%	29.6%	-15.7 pp
EBIT (adjusted)[1]	-4.3	15.7	-127.4%	6.4	9.9	-35.4%	2.1	25.6	-91.8%
EBIT margin (adjusted)[1]	-12.3%	24.8%	-37.1 pp	10.2%	16.4%	-6.2 pp	2.1%	20.7%	-18.6 pp

1 Adjusted for one-time and/or non-operating items

In light of the persistently challenging business environment in the first three quarters of the current fiscal year, particularly for the COMPONENTS business unit, Cherry recorded a 20.6% decline in Group revenue to EUR 98.0 million (9M/2021: EUR 123.4 million). The gross margin decreased by 9.3 percentage points to 31.9% of Group revenue, compared to 41.2% one year earlier. The main factors driving the lower margin were product mix effects, lower capacity utilization, and higher mate-

expense ratio of 14.2% (9M/2021: 9.2%). The increase was mainly driven by start-up and implementation expenses incurred in conjunction with the implementation of a joint e-commerce strategy by the GAMING DEVICES and PERIPHERALS business units, particularly in the areas of consulting, IT, personnel, and recruitment. In contrast, administrative expenses decreased by 28.9% to EUR 10.4 million in the same period (9M/2021: EUR 14.6 million), giving an administrative expense ratio of 10.6%

(9M/2021: 11.9%). The lower percentage was mainly due to costs incurred during the preparation of the IPO and for the introduction of share-based remuneration in the previous year, although additional savings were also achieved through pro-active cost management measures during the period under report.

Taking into account other operating income and expenses of EUR -0.6 million (net expense), the operating profit before interest and taxes (EBIT) for the first three quarters of the current fiscal year amounted to EUR 0.2 million (9M/2021: EUR 20.1 million), which corresponds to a positive EBIT margin of 0.2% (9M/2021: 16.3%).

Despite the increase in interest rates, the negative financial result improved by EUR 12.3 million to EUR -1.3 million (9M/2021: EUR -13.7 million), mainly due to an early repayment penalty arising on debt restructuring activities in the previous year.

The resulting earnings before taxes was a negative amount of EUR -1.2 million (9M/2021: EUR +6.4 million). Due to the negative pre-tax result, tax income amounting to EUR 0.5 million was recorded (9M/2021: tax expense of EUR -2.9 million), giving rise to an overall Group loss of EUR -0.7 million for the period (9M/2021: EUR +3.5 million).

Adjusted EBITDA amounted to EUR +13.6 million (9M/2021: EUR +36.5 million), the resulting adjusted EBITDA margin declined by 15.7 percentage points to 13.9% year on year (9M/2021: 29.6%).

Overall, net expenses of EUR 1.9 million were adjusted, including EUR 0.8 million of costs incurred in conjunction with the implementation of the e-commerce strategy and EUR 0.5 million for the previously mentioned workforce cutbacks at the Auerbach production site. A further EUR 0.6 million was incurred for consulting on special matters, for example in the context of M&A projects and relating to the planned conversion of Cherry AG into the European legal form of S.E. ("Societas Europae").

RECONCILIATION TO ALTERNATIVE PERFORMANCE MEASURES (ESMA)

The following table shows the reconciliation of EBIT, EBITDA, adjusted EBIT, and adjusted EBITDA to Cherry AG's Group net loss for the first three quarters of the 2022 fiscal year:

in €million	Jan. 1 to Sept. 30, 2022	Jan. 1 to Sept. 30, 2021
Group net loss/profit	**-693**	**3,544**
+ Income taxes	-471	2,895
- Financial result	1,321	13,655
EBIT	**157**	**20,094**
+/- Personnel expenses (including share-based personnel expenses) / (income)	457	3,661
+ Expenses related to capital market transactions	-	886
+ Expenses related to M&A transactions	387	818
+ Expenses related to natural disasters and pandemics	-	12
+ Other non-recurring expenses	1,074	70
Adjusted EBIT [1]	**2,075**	**25,541**
+ Depreciation, amortization and impairment losses	11,542	10,990
Adjusted EBITDA [1]	**13,617**	**36,531**
EBIT	**157**	**20,094**
+ Depreciation, amortization and impairment losses [2]	11,542	10,990
EBITDA	**11,699**	**31,084**

1 Adjusted for one-time and/or non-operating items
2 Including depreciation and amortization of acquired order book

Total assets rose slightly by 0.8% to EUR 414.1 million as of September 30, 2022 and were thus at a similar level to December 31, 2021 (EUR 411.0 million).

During the same period, current assets increased by EUR 2.4 million or 1.4% to EUR 179.1 million. Despite remaining largely constant in total, there was a shift from cash and cash equivalents to inventories. Net working capital went up by EUR 11.7 million to EUR 49.7 million (9M/2021: EUR 38.0 million), mainly reflecting the strategic expansion of e-commerce and the build-up of e-health terminal inventories, the significantly lower sale of switches in the COMPONENTS business area and an increase in standard prices in response to higher material and logistics costs. At EUR 235.0 million, non-current assets also remained practically at the previous year's level (9M/2021: EUR 234.4 million). Whereas intangible assets increased slightly year on year to EUR 191.3 million (9M/2021: EUR 190.1 million), mainly driven by capitalized development costs, right-of-use assets relating to IFRS 16 leases decreased by EUR 1.0 million to EUR 17.0 million, as current amortization from existing contracts exceeded additions from new contracts.

Equity fell by EUR 1.7 million to EUR 291.4 million during the reporting period. Subscribed capital and capital reserves decreased overall by EUR 5.2 million as a result of the "Share Buyback Program 2022" launched on June 13, 2022, which authorizes the Management Board to buy back up to 2,000,000 treasury shares with a maximum volume of EUR 25.0 million through June 30, 2023. By September 30, a total of 650,212 treasury shares had already been bought back which are available, among other things, as a potential purchase price component for M&A transactions. Offsetting this decrease in equity, other accumulated equity increased by EUR 4.2 million to EUR 8.1 million, mainly due to currency-related effects arising on the translation of the financial statements of the Group's foreign subsidiaries. Non-current liabilities went down by EUR 4.3 million to EUR 80.4 million during the period under report. The two main drivers were a EUR 2.6 million decrease in deferred tax liabilities attributable primarily to the scheduled amortization of intangible assets and a EUR 1.0 million decrease in non-current IFRS 16-related lease liabilities due to the lower number of new contracts. Current liabilities went up by EUR 9.1 million to EUR 42.2 million, mainly reflecting temporary fluctuations in delivery dates and payment terms.

Cash flow from operating activities for the nine-month period fell by EUR 2.3 million and finished at a net negative amount of EUR -0.8 million. Factors driving this change included the EUR 4.2 million deterioration in the Group result for the period, a EUR 5.5 million decrease in non-cash expenses (including provisions), and a EUR 1.6 million higher rise in inventories, trade receivables, and other assets. By contrast, a EUR 5.9 million increase in trade payables and other liabilities and a EUR 2.8 million improvement in taxes on income (net tax income) had a positive impact.

Cash flow from investing activities was a net negative amount of EUR -9.3 million, similar to one year earlier (EUR -9.9 million). Of this amount, EUR 4.9 million was invested in property, plant and equipment, particularly in new machinery and tools, EUR 2.8 million in intangible assets, and EUR 1.6 million in the acquisition of consolidated companies. While investments in intangible assets, mainly in capitalized development costs, rose by EUR 0.9 million compared to the previous year, cash outflows for the purchase of consolidated companies were EUR 1.7 million lower, mainly due to the purchase of Active Key GmbH one year earlier, for which the final tranche of EUR 1.6 million was paid in the second quarter of the current year.

Cash flow from financing activities decreased significantly by EUR 57.0 million compared to the previous year, finishing at a net negative amount of EUR -8.6 million. The main reasons for the decrease were the cash inflow from the IPO in the previous year and the early repayment of the former bank loan.

Cash and cash equivalents decreased by EUR 18.4 million to EUR 91.3 million during the period under report, mainly reflecting the EUR 19.2 million increase in inventories on the one hand and the EUR 5.2 million utilized in connection with the share buyback program through September 30, 2022.

REPORT ON OPPORTUNITIES AND RISKS

In the third quarter 2022, no significant changes occurred compared to the opportunities and risks described in detail in the report on opportunities and risks presented in the Interim Report as of June 30, 2022, which is available on the Cherry website.

The Management Board of Cherry AG considers the risks identified in the context of risk management to be limited and manageable. No risks have been identified which, either individually or taken as a whole, could jeopardize Cherry's going-concern status, as even if all of the above risks were to materialize, equity would still exceed the amount of the loss by approximately six times the calculated gross loss.

OUTLOOK

The world economy continues to face major challenges, dominated in particular by the ongoing impact of the Ukraine war, growing inflationary pressures, and the economic downturn in China. In its World Economic Outlook dated October 2022, the International Monetary Fund (IMF) projected that the world economy is likely to grow by 3.2% in the current year, with the three largest economies, the United States, the European Union, and China, all stagnating.

During the period under report, Cherry implemented a broad set of measures to bolster its strategic course of growth in the medium and long term. The Management Board's medium-term prediction of double-digit revenue growth therefore remains in place, based on the expected underlying conditions and market trends.

On November 7, 2022, the Management Board updated its original forecast for the current fiscal year with the publication of insider information pursuant to Article 17 of the Market Abuse Regulation (MAR). Accordingly, for the fiscal year 2022, the Management Board expects Group revenue of between approximately EUR 130 million and EUR 140 million (previously: between approximately EUR 150 million and EUR 170 million) with an adjusted EBITDA margin of 13% to 15% (previously: 14% to 19%).

In view of the increasing worldwide slowdown in economic growth and rising inflation driven by the war in Ukraine, the ongoing supply chain disruptions resulting from the lockdowns in China, high inventory levels at customers and distributors, and the accompanying lower demand for certain types of mechanical keyboard switches, the Management Board now expects a strong decrease in revenue for the full year in the GAMING business area (previous forecast: low revenue growth) and revenue growth of between 8% and 10% in the PROFESSIONAL business area (previously: revenue growth in the low double-digit percentage range).

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022 IN ACCORDANCE WITH IFRS (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2022 (IFRS/UNAUDITED)

€ thousand	July 1 to Sept. 30, 2022	July 1 to Sept. 30, 2021	Jan. 1 to Sept. 30, 2022	Jan. 1 to Sept. 30, 2021
Revenue	32,121	43,061	97,977	123,390
Cost of sales	-21,683	-25,382	-66,724	-72,558
Gross profit	10,438	17,679	31,253	50,832
Marketing and selling expenses	-5,283	-3,844	-13,929	-11,315
Research and development expenses	-2,071	-1,944	-6,165	-4,758
Administrative expenses	-3,169	-3,154	-10,404	-14,631
Other operating income	804	123	1,243	2,681
Other operating expenses	-971	-452	-1,840	-2,715
Operating result before interest and taxes (EBIT)	-252	8,408	157	20,094
Financial result	-410	-254	-1,321	-13,655
Earnings before taxes (EBT)	-662	8,154	-1,164	6,439
Income taxes	584	-2,071	471	-2,895
Group net loss /profit	**-78**	**6,083**	**-693**	**3,544**
Undiluted (basic) earnings per share (in €)	-	0.25	-0.03	0.17
Diluted earnings per share (in €)	-	0.25	-0.03	0.17

Income and expenses not recognized through profit or loss € thousand	July 1 to Sept. 30, 2022	July 1 to Sept. 30, 2021	Jan. 1 to Sept. 30, 2022	Jan. 1 to Sept. 30, 2021
Other comprehensive income that will be reclassified subsequently to profit or loss	**1,262**	**646**	**4,203**	**1,298**
Foreign currency translation of financial statements of foreign entities	1,262	646	4,203	1,298
Other comprehensive income that will not be reclassified subsequently to profit or loss	-	-136	-	-136
Actuarial gains and losses	-	-	-	-
Other changes	-	-136	-	-136
Income and expenses not recognized through profit or loss	**1,262**	**510**	**4,203**	**1,162**
Total comprehensive income for the period	**1,184**	**6,593**	**3,510**	**4,706**

CONDENSED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2022 (IFRS/UNAUDITED)

ASSETS

€ thousand	Sept. 30, 2022	Dec. 31, 2021
NON-CURRENT ASSETS		
Intangible assets	191,323	190,109
Property, plant and equipment	25,250	24,941
Right-of-use assets	17,015	17,989
Other non-financial assets	13	5
Deferred tax assets	1,432	1,307
	235,033	**234,351**
CURRENT ASSETS		
Inventories	63,397	44,156
Trade receivables	22,811	19,610
Current income tax receivables	353	1,853
Other non-financial assets	1,203	1,329
Cash and cash equivalents	91,289	109,678
	179,053	**176,626**
Total assets	414,086	410,977

EQUITY AND LIABILITIES

€ thousand	Sept. 30, 2022	Dec. 31, 2021
EQUITY		
Subscribed capital	23,650	24,300
Capital reserves	258,702	263,280
Unappropriated profit	1,022	1,716
Accumulated other comprehensive income	8,059	3,856
	291,433	**293,152**
NON-CURRENT LIABILITIES		
Pension provisions	840	917
Other provisions	879	1,021
Financial liabilities	45,568	46,095
Lease liabilities	13,582	14,549
Other non-financial liabilities	107	115
Deferred tax assets	19,432	21,997
	80,408	**84,694**
CURRENT LIABILITIES		
Other provisions	278	252
Financial liabilities	1	202
Lease liabilities	4,161	3,982
Trade payables	25,821	17,892
Current income tax liabilities	2,675	1,435
Other financial liabilities	4,356	5,564
Other non-financial liabilities	4,953	3,804
	42,245	**33,131**
Total equity and liabilities	**414,086**	**410,977**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2022 (IFRS/UNAUDITED)

€ thousand	July 1 to Sept. 30, 2022	July 1 to Sept. 30, 2021	Jan. 1 to Sept. 30, 2022	Jan. 1 to Sept. 30, 2021
Net loss/profit for the period	-78	6,083	-693	3,544
Depreciation, amortization and write-downs (+) / reversals thereof (-) on fixed assets	3,769	3,879	11,542	10,990
Increase (+) / decrease (-) in provisions	-96	-1,130	-193	2,405
Other non-cash expenses (+) / income (-)	526	101	1,353	4,273
Gain (-) / loss (+) on disposals of fixed assets	28	-4	27	41
Increase (-) / decrease (+) in inventories, trade receivables and other assets	-13,586	-3,392	-21,989	-20,378
Increase (+) / decrease (-) in trade payables and other liabilities	8,115	-584	8,658	2,790
Interest expenses (+) / interest income (-)	409	254	1,321	13,655
Interest paid (-)	-649	-1,264	-1,285	-13,473
Interest received (+)	1	2	4	4
Tax income/expense	-584	2,071	-471	2,895
Income tax paid (+/-)	1,085	-2,125	950	-5,259
Cash flows from operating activities	**-1,060**	**3,891**	**-776**	**1,487**
Cash received (+) from disposals of property, plant and equipment	19	-36	22	64
Cash paid (-) for investments in property, plant and equipment	-2,024	-1,130	-4,941	-4,746
Cash received (+) from disposals of intangible assets	8	4	8	7
Cash paid (-) for investments in intangible assets	-997	-642	-2,820	-1,924
Cash paid (-) for the purchase of consolidated companies	-	-	-1,600	-3,269
Cash flows from investing activities	**-2,994**	**-1,804**	**-9,331**	**-9,868**
Cash received (+) from equity contributions	-	143	-	137,743
Cash paid (-) in the course of the share buyback program	-3,302	-	-5,250	-
Cash paid (-) for capital procurement costs	-	-	-	-6,345
Cash paid (-) from other current financial liabilities (IFRS 16 leases)	-951	-1,116	-2,832	-2,899
Cash paid (-) for the repayment of (financial) loans	53	-32	-527	-80,101
Cash received (+) from (financial) loans raised	1	-	6	-
Cash flows from financing activities	**-4,199**	**-1,005**	**-8,603**	**48,398**
Cash-relevant change in cash and cash equivalents	-8,253	1,082	-18,710	40,017
Changes in cash and cash equivalents due to changes in exchange rates, scope of consolidation, and valuation	-129	180	321	527
Cash and cash equivalents at the beginning of the period	**99,671**	**62,182**	**109,678**	**22,900**
Cash and cash equivalents at the end of the period	**91,289**	**63,444**	**91,289**	**63,444**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2022 (IFRS/UNAUDITED)

€ thousand	Subscribed capital	Capital reserves	Unappropriated profit	Accumulated other comprehensive income Foreign currency translation of financial statements of foreign entities	Accumulated other comprehensive income Actuarial gains and losses	Total equity
Jan. 1, 2021	**36**	**150,486**	**-7,571**	**-358**	**-8**	**142,585**
Share capital increase	24,264	113,108	-	-276	-	137,096
Capital procurement transaction costs	-	-4,496	-	-	-	-4,496
Group net profit	-	-	3,544	-	-	3,544
Foreign currency translation of financial statements of foreign entities	-	-	-	1,573	-	1,573
Other comprehensive income	-	-	-	1,573	-	1,573
Total comprehensive income	-	-	3,544	1,573	-	5,117
Impact of share-payments	-	4,122	-	-	-	4,122
Sept. 30, 2021	**24,300**	**263,220**	**-4,027**	**939**	**-8**	**284,424**
Jan. 1, 2022	**24,300**	**263,280**	**1,716**	**3,860**	**-4**	**293,152**
Share buyback	-650	-4,599	-	-	-	-5,249
Group net loss	-	-	-693	-	-	-693
Foreign currency translation of financial statements of foreign entities	-	-	-	4,202	-	4,202
Other comprehensive income	-	-	-	4,202	-	4,202
Total comprehensive income	-	-	-693	4,202	-	3,509
Impact of share-based payments	-	21	-	-	-	21
Sept. 30, 2022	**23,650**	**258,702**	**1,023**	**8,062**	**-4**	**291,433**

FINANCIAL CALENDER 2022/23[1]

Münchner Kapitalmarkt Konferenz	November 16, 2022
M.M. Warburg Meet the Future Konferenz	November 17, 2022
Eigenkapitalforum	November 28–30, 2022
ODDO Forum	January 5–6, 2023
Hamburger Investorentag	February 8, 2023
Annual Report/Consolidated Financial Statements 2022	March 30,2023
Interim Statement Q1 2023	May 15, 2023
Spring Conference Equity Forum	May 15, 2023
Annual General Meeting	May 17, 2023
Half-Year Report 2023	August 14, 2023
Interim Statement Q3/9M 2023	November 15, 2023
Münchner Kapitalmarkt Konferenz	November 16, 2023

[1] Expected dates

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