



CHERRY 

FY 2021 INVESTOR PRESENTATION

March 31, 2022

TODAY'S PRESENTERS



Rolf Unterberger
- CEO



Bernd Wagner
- CFO & COO

CHERRY AT A GLANCE – FINANCIAL HIGHLIGHTS FY 2021



€ 168.5m

Revenue up 29.4%*



29.0%

EBITDA margin (adj.) up 0.5pp.*



554

Employees up 11.7%*



€ 7.8m

Operating cashflow



€ 43.9m

Net cash



M&A

€ 3.3m revenue contribution of Active Key



Global market leader



Innovation and quality
leadership



Brand recognition



Blue chip customer
base



Global multichannel
sales



Scalable production
base



Solid financial profile

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

VISION, MISSION & VALUES – MANAGING CORPORATE CULTURE

The CHERRY brand



VISION

We enable people access to the digital world.

MISSION

Together, we work in a solution and customer-oriented manner to strengthen the **core elements of the Cherry brand: quality, innovation, design and sustainability.** To live up to our claim as a quality and innovation leader, we are in a constant learning process with an open and transparent culture.

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 li.



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



CHERRY ULP-SWITCH – INNOVATION THAT SETS STANDARDS

ULTRA LOW PROFILE SWITCH: CONSTRUCTION & INTEGRATION



„Both the sound and feel of these true mechanical keys are superior to almost any laptop keyboard, delivering a satisfying click and tactile feedback.“

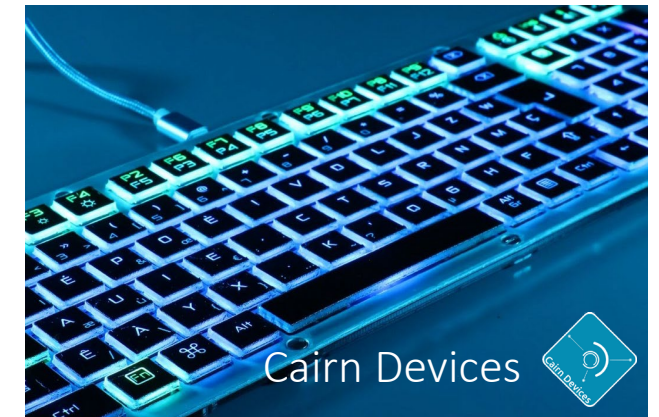
Matthew Buzzi, PC Mag Australia

KEY FEATURES - CONSUMER

- Super-thin, true mechanical switch for laptop market
- Ergonomic & mechanical typing experience thanks to mechanical "Overtravel".
- Precise switch release and parallel switch movement (preloaded & wobble-free)
- With tactile typing feel and acoustic feedback
- High switching frequency for fast gaming / typing

KEY FEATURES - BRAND

- Designed for cost saving SMD assembly production
- Supports single button RGB lighting
- Stainless steel construction
- Designed and manufactured in Germany
- Easy to snap in key cap
- Proven Cherry MX Gold Crosspoint Technology





THE AWARD-WINNING SERIES

CHERRY MX 2.0S, HC 2.2 and MC 2.1.

Gamers can now combine award-winning and premium products from one brand to create a unified and harmonic appearance. In the tradition of exceptional German engineering, the MC 2.1 mouse, the HC 2.2 headset and the MX 2.0S keyboard from CHERRY not only offer excellent design but also outstanding performance and precision. The MC 2.1 is equipped with a Pixart sensor with 5,000 DPI, which can be adjusted via a switch on the mouse to find the perfect balance between precision and speed, depending on the requirements of the game. The USB 2.0 full-speed interface supports up to 1,000 data transfer rates to ensure that input is transmitted to games without delay.



FURTHER DEVELOPMENT OF THE PERIPHERALS BUSINESS UNIT

PERIPHERALS STRATEGIC ELEMENTS

- ❖ **Expansion and diversification of the product portfolio** with new wireless keyboards and desktop combinations for specific user & target groups
- ❖ **Focused penetration of regional markets**, particularly in Europe, Asia and North America, via selected sales channels
- ❖ **Expansion of e-commerce** sales especially via major direct-to-consumer online marketplaces in Europe and the USA (staged approach)

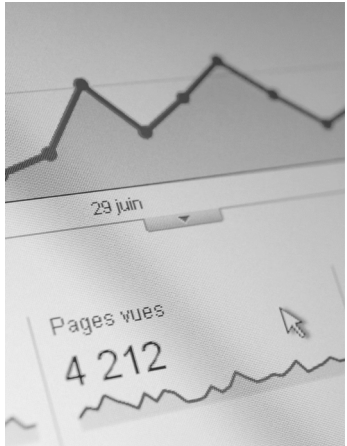
KEY FEATURES - THE BEST STREAM SERIES EVER!

- ❖ **Product range extensions** with wireless (rechargeable) and corded keyboards in various layout formats
- ❖ **“Blauer Engel”** award for environmental friendliness, GS mark for **“tested safety”** and **plastic free packaging**
- ❖ Keyboard with AES-128 encryption
- ❖ **CHERRY SX scissor mechanism**
- ❖ Super silent keystroke



E-COMMERCE STRATEGY

Important steps for future growth guided by one of the leading strategy consulting companies for digitalization and e-commerce



STAGED APPROACH TO TARGET MARKETS

- 🔥 Phase I: Launch in Europe (Up to € 60m e-commerce revenue potential by 2026)
- 🔥 Phase II: Launch in USA

CHERRY DISTRIBUTION STRATEGY

- 🔥 Online Marketplaces (B2B & B2C)
- 🔥 Third Party e-Retailer
- 🔥 Direct Sales & Affiliate
- 🔥 E-Procurement Platforms
- +
- 🔥 Stationary Retail
- 🔥 Resellers / Distributors

TARGETS

- 🔥 Expansion of digital brand presence via creation of globally performant e-commerce and marketing platform.
- 🔥 Acceleration of organic growth via D2C business (own web shop & marketplaces) and other e-commerce channels.

THE FUTURE OF CHERRY DIGITAL HEALTH

CHERRY DIGITAL HEALTH STRATEGIC ELEMENTS

- Further vertical and horizontal growth
- Leveraging quality leadership in the core markets
- Leveraging synergies by cross-selling via existing Peripherals sales channels
- Expanding fields of applications, i. e. point-of-sale, industry, and shared office workplaces
- Exploitation of strategic potential for new software-based products and applications in TI 2.0

ST-1506 EHEALTH TERMINAL: FORWARD-LOOKING KEY FEATURES

- ST-1506 Product **Update for Ti-as-a-Service** Environments
- First terminal with **online remote management** via REST-API
- **Hygienic and easy to clean** PIN pad for patients with touchscreen glass surface
- Prepared with a camera and NFC interface
- eGK and HBA slot with **ESD discharge** function for electrostatic charged cards
- **Optimally prepared for future applications**



Successfully shaping the future

CHERRY emphasizes on technology. According to the idea, that form must follow function, CHERRY aims to design simple and useful IT peripherals, components, and software that is built to last for a better tomorrow

PERFORMANCE FY 2021 OVERVIEW

STRONG GROWTH IN SALES AND PROFITABILITY DESPITE CHALLENGING MARKET ENVIRONMENT IN H2

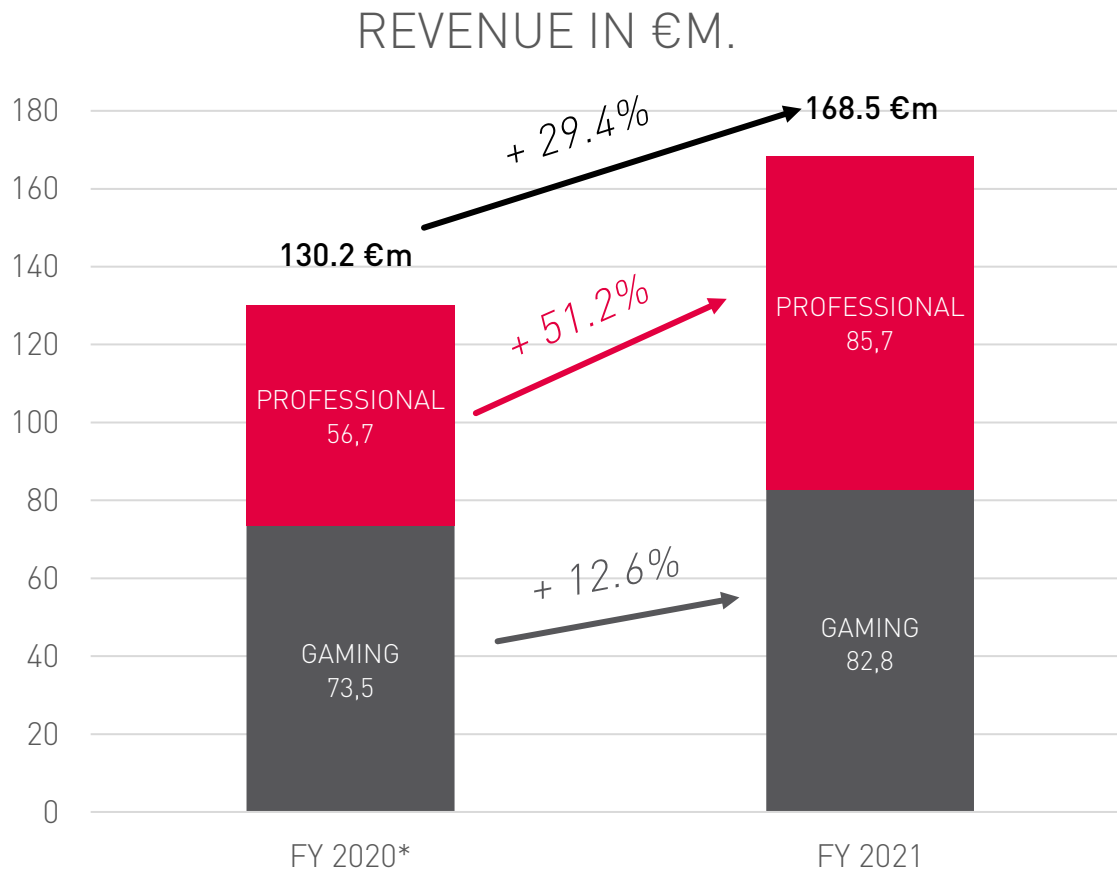
- ❖ FY 2021 was marked by a well-above market growth of 29.4% despite disruptions in Chinese supply chains and corresponding fluctuations in customer ordering behavior in the Components business unit
- ❖ Underlying growth drivers remain fully intact despite longer lasting “COVID-19-effect” in H2 2021
- ❖ Corporate Transaction costs (IPO, M&A) and IFRS2 accounting entries caused high non-recurrent one-off costs in H1

IN €M/ AS INDICATED	FY 2021	FY 2020*	Δ
Revenue	168.5	130.2	29.4%
EBITDA (adj.)	48.9	37.1	31.6%
<i>EBITDA margin (adj.)</i>	<i>29.0%</i>	<i>28.5%</i>	<i>0.5 pp.</i>
EBITDA	42.8	35.3	21.4%
<i>EBITDA margin</i>	<i>25.4%</i>	<i>27.1%</i>	<i>-1.7 pp.</i>
EBIT (adj.)	33.7	26.8	25.5%
<i>EBIT margin (adj.)</i>	<i>20.0%</i>	<i>20.6%</i>	<i>-0.6 pp.</i>
EBIT	27.6	25.0	10.6%
<i>EBIT margin</i>	<i>16.4%</i>	<i>19.2%</i>	<i>-2.8 pp.</i>

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

STRONG REVENUE GROWTH

Growing throughout both business areas



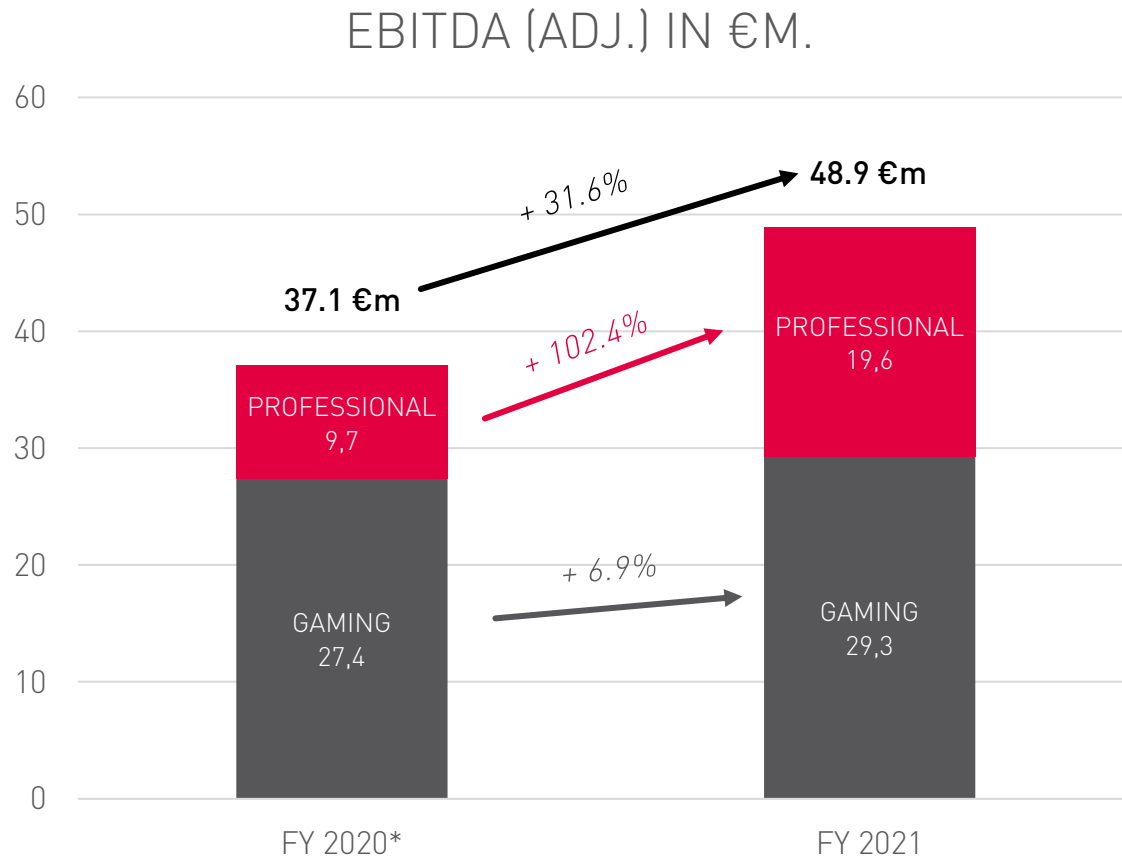
REVENUE UP 29.4% IN FY 2021

- PROFESSIONAL sales up 51.2% to € 85.7m supported by:
 - Successful start of e-commerce business
 - Successful roll-out of e-Health-Terminals ST-1506
 - Initial consolidation of Active Key (€ 3.3m) since May 2021.
- GAMING sales up 12.6% to € 82.8m influenced by:
 - Expansion in APAC regions (Hong Kong, Macao, Australia, Indonesia, Malaysia)
 - Successful roll-out of new product portfolio
 - Fluctuations in customer ordering behavior of switches (supply chain shortages at customers - indirect impact on Cherry)

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

STRONG PROFITABILITY INCREASE THROUGHOUT THE GROUP

Group profitability increases due to disproportionately high growth of Digital Health business

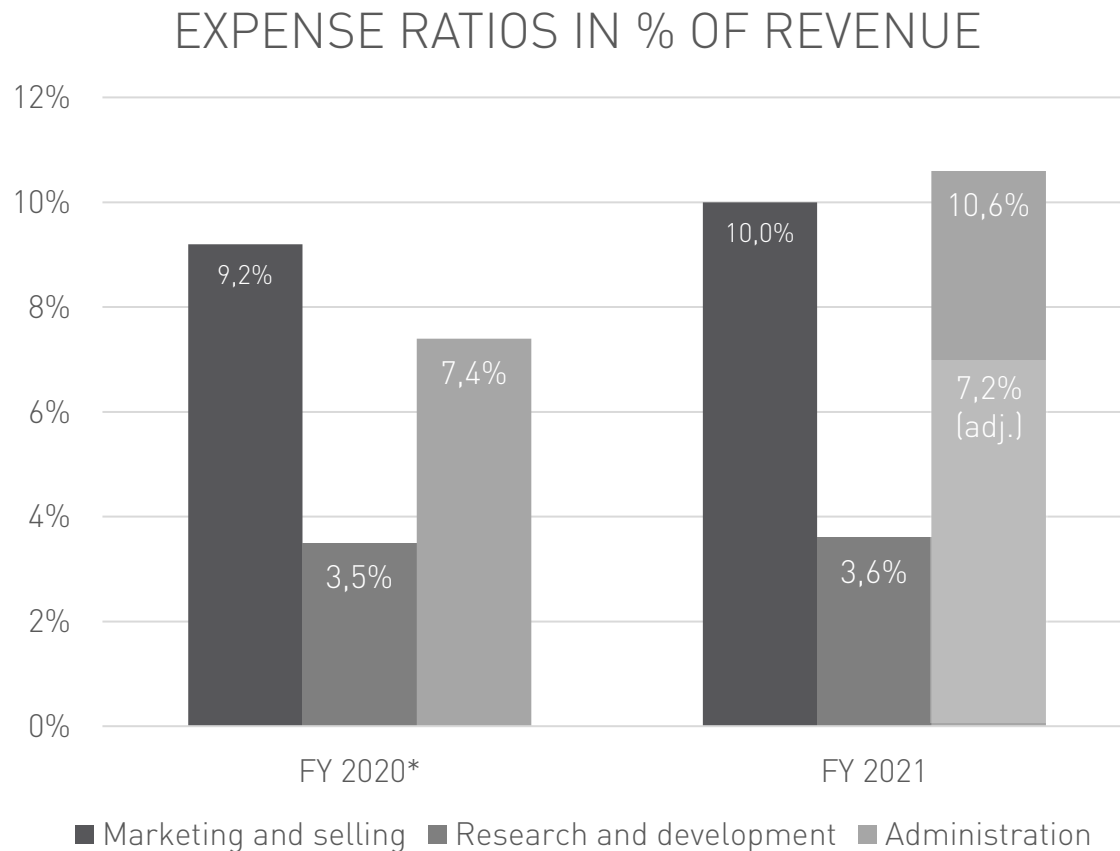


EBITDA (ADJ.) UP 31.6% IN FY 2021

- PROFESSIONAL EBITDA (adj.) up 102.4% to € 19.6m supported by:
 - Strong revenue increase of profitable Digital Health business
- GAMING EBITDA (adj.) up 6.9% to € 29.3m
 - fueled by increase of volume
 - partly offset by higher material and transport expenses and ramp-up costs for first MX ULP switches

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

EXPENSE RATIOS IN LINE WITH HIGH PROFITABILITY CLAIM



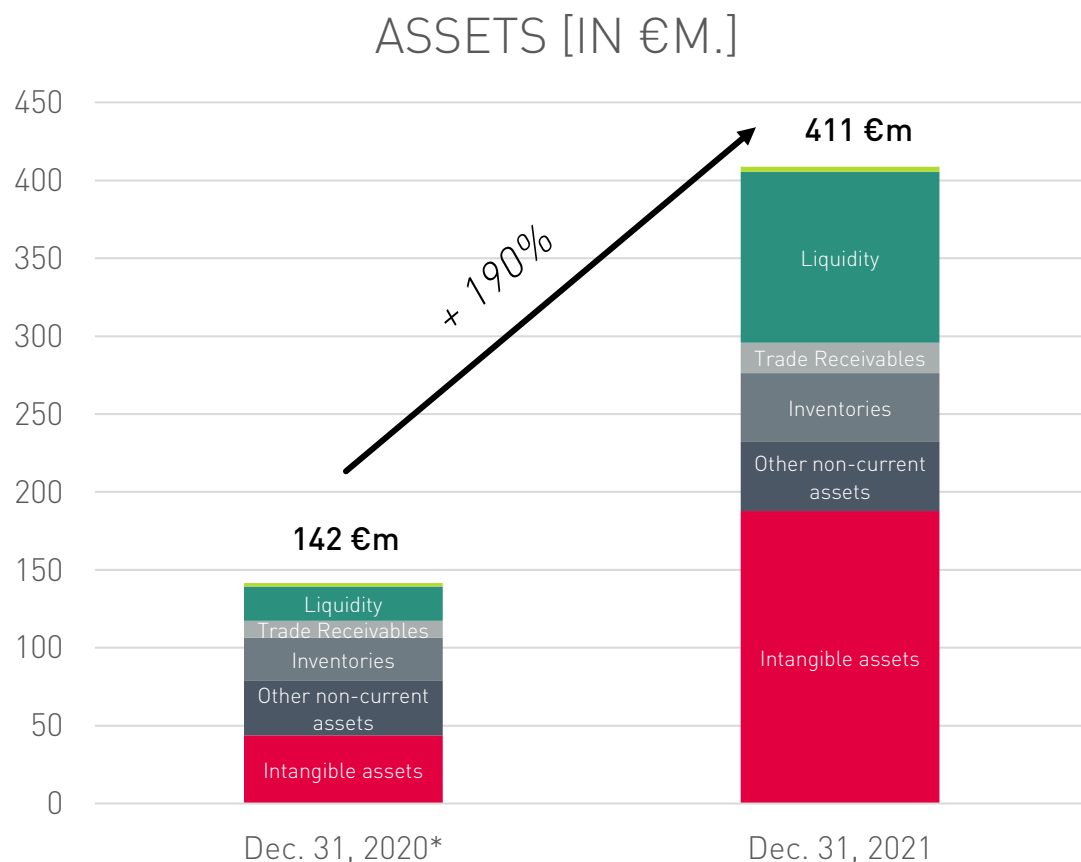
UNDERLYING EXPENSE RATIOS STABLE

- Marketing and selling expense ratio up 0.8pp. due to
 - additional sales & marketing staff,
 - marketing costs for new product launches and
 - entering new regional markets
- R&D expense ratio stable due to
 - ongoing innovation activities plus R&D acc. to IAS 38 of € 2.6m (previous year: € 2.7m)
- Reported administration expense ratio up 3.2pp. due to
 - transaction-related one-off costs of € 5.7m (mainly IPO, M&A)

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

STRONG FINANCIAL POSITION AS OF DEC. 31, 2021

Increase of liquidity and reduction of debt due to IPO - well positioned to finance growth



TOTAL ASSETS UP 190% TO 411 MIO. €

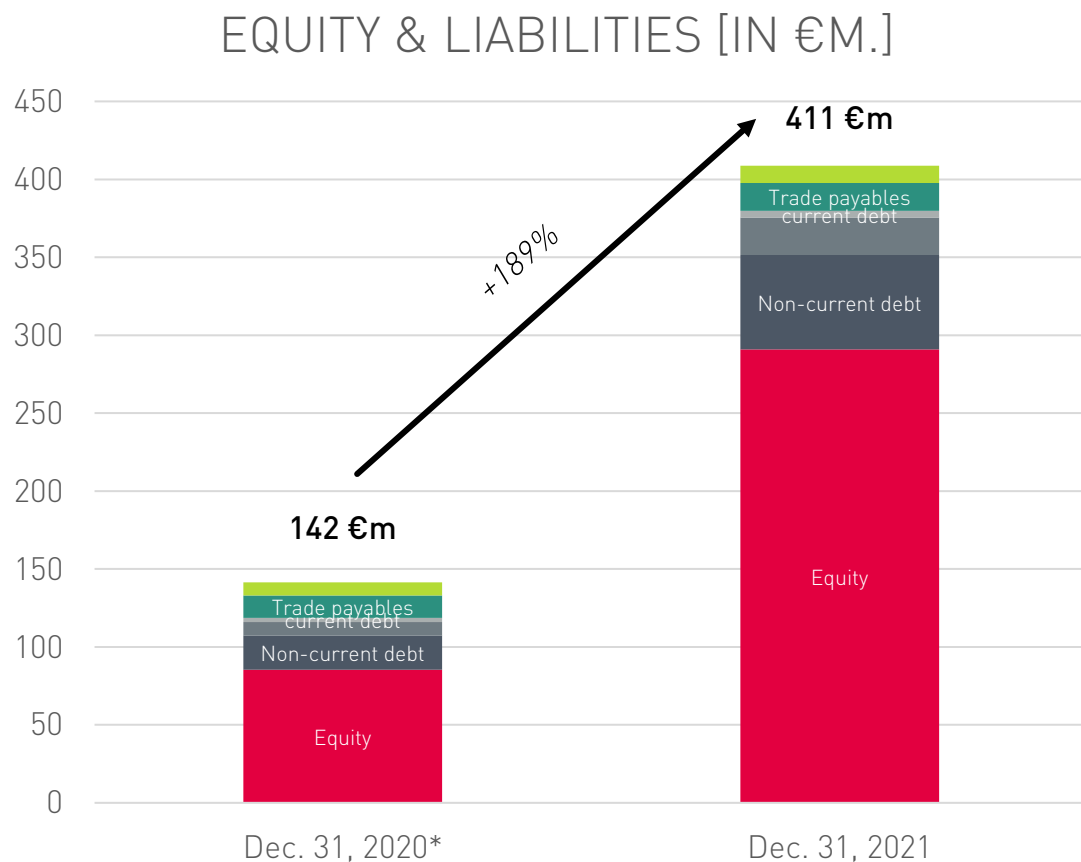
- 🔴 Cash and cash equivalents up to € 109.7m mainly due to
 - 🔴 IPO net proceeds of € 133.3m
 - 🔴 Repayment of loan of € 80.2m*
 - 🔴 New financial loan of € 45.0m* in Q4 2021
- 🔴 Trade receivables up to € 19.6m, mainly due to general expansion of business activities
- 🔴 Inventories up to € 44.2m, mainly due to
 - 🔴 General expansion of business activities
 - 🔴 Ensuring delivery capability of finished goods and merchandise
- 🔴 Intangible assets up 329,7% to € 187,8m (mainly goodwill & brand, customer list, technology)

*without arrangement fee and early repayment costs

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

STRONG FINANCIAL POSITION AS OF DEC. 31, 2021

Increase of equity and reduction of debt



EQUITY RATIO 71.3% IN FY 2021

- Equity increased to € 293.2m mainly due to
 - Addition to the capital reserve of € 113.1 from IPO
- Non-current debt down 176.4% to € 60.6m due to
 - Repayment of loan net of new borrowings of € 35.2m
- Trade payables up 23.6% to € 17.9m mainly due to
 - General expansion of business activities

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

FORECAST FY 2022 – FURTHER OUTLOOK

Continuation of profitable growth path despite adverse market conditions

IN €M/ AS INDICATED	FY 2020*	FY 2021	FORECAST FY 2022
Revenue	130.2	168.5	170 – 190
EBITDA margin (adj.)	28.5%	29.0%	23 to 26%

BUSINESS AREA	REVENUE	EBITDA MARGIN (ADJ.)
GAMING	Mid single digit growth	Slight decrease
PROFESSIONAL	Low double digit growth	Slight decrease (impacted by accelerated investments in growth)

FURTHER OUTLOOK

- 
GAMING
 temporary increases in material prices, shipping costs, and non-recurring marketing expenses for expansion in the Asia-Pacific region
- 
PROFESSIONAL
 Accelerated investments in new products, software, manpower and marketing spends to drive future growth in the e-commerce business and expansion into Asia Pacific
- 
Beyond 2022
 Continue double-digit growth and expand adjusted EBITDA margin

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

EXPECTED MARKET DEVELOPMENT

Well positioned to benefit from ongoing secular growth trends

GAMING



+8.7% CAGR global gaming market until 2024



+5.6% CAGR number of global players until 2024



+6.9% CAGR global gaming peripherals market until 2025

PROFESSIONAL



Globally growing „work-from-anywhere“ trend



35 to 55% remote work in advanced economies



Global e-commerce expected to grow by factor 2 to 5



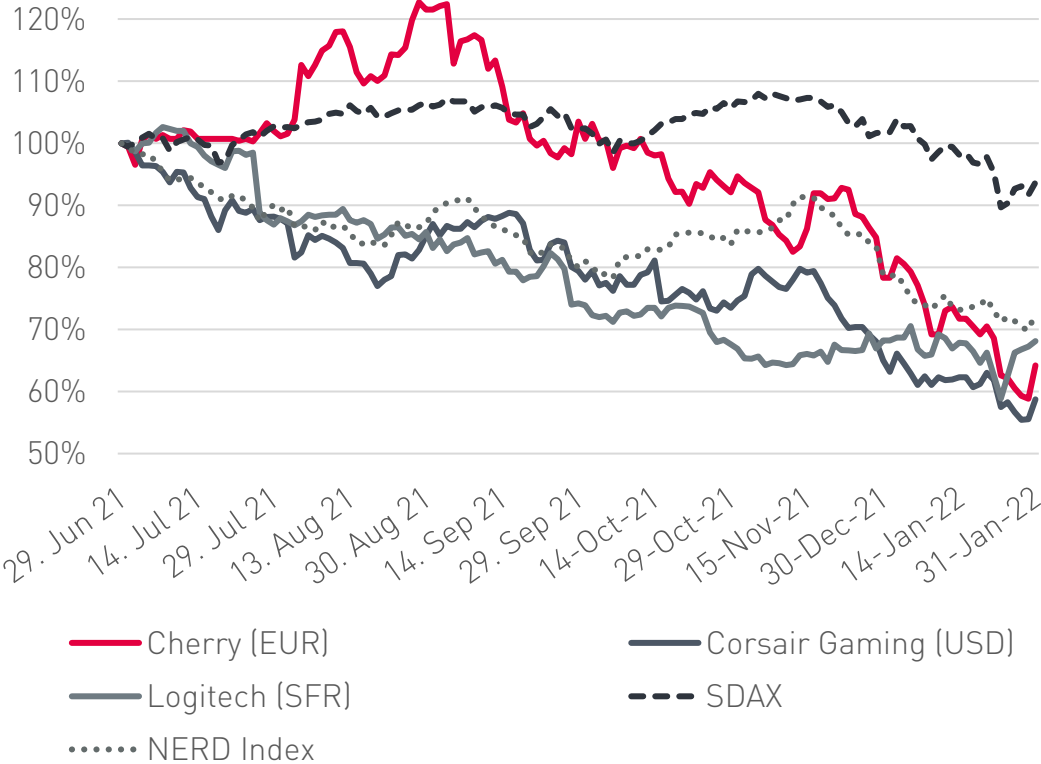
Digital health apps as a new third pillar of patient care in Germany

APPENDIX

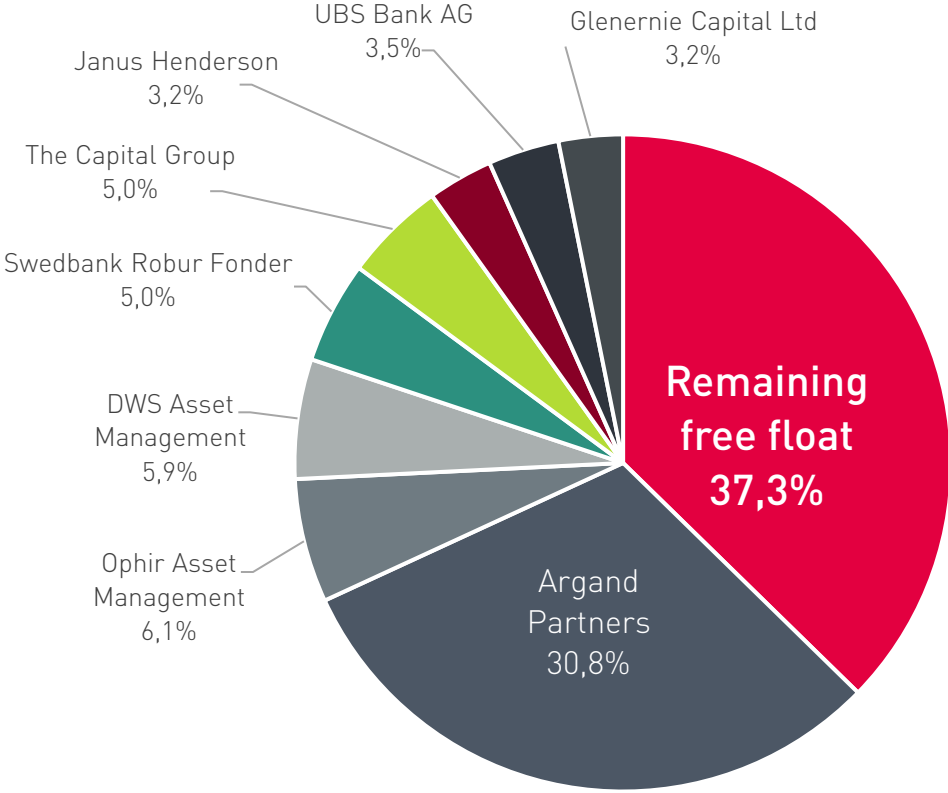


SHARE PERFORMANCE / CURRENT SHAREHOLDER STRUCTURE

RELATIVE SHARE PERFORMANCE



SHAREHOLDER STRUCTURE



RECONCILIATION TO ALTERNATIVE PERFORMANCE MEASURES (ESMA)

FY 2021 was marked by high non-recurrent one-off effects

IN € 000	FY 2021	FY 2020*	IN € 000	FY 2021	FY 2020*
Consolidated profit/loss	9,287	17,537	Adjusted EBIT	33,697	26,849
+ Income taxes	4,207	6,750	+ Depreciation and amortization	15,188	10,284
+ Financial result	14,125	695	Adjusted EBITDA	48,885	37,133
EBIT	27,619	24,982	EBIT	27,619	24,982
+/- Staff expenses (incl. share-based expenses) / (income)	3,659	398	+ Depreciation and amortization	15,188	10,284
+ Expenses in connection with capital market transactions	909	-	EBITDA	42,806	35,266
+ Expenses in connection with M&A transactions	924	517			
+ Expenses in connection with natural disaster and pandemic	12	615			
+ Other one-off cost	574	337			
<i>Total operating result adjustments</i>	<i>6,063</i>	<i>1,867</i>			
Adjusted EBIT	33,697	26,849			

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

KEY INVESTMENT HIGHLIGHTS – WHY INVEST IN CHERRY?



Global market leader

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



Innovation and quality leadership

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



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



Scalable production base

Highly automated assembly machines and warehouse robotics



Global multichannel sales

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

FORWARD LOOKING STATEMENTS

Disclaimer

This presentation contains forward-looking statements. These statements are based on the current views, expectations and assumptions of the management of Cherry AG and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those described herein due to factors affecting Cherry AG such as, among other things, changes in the general economic and competitive environment, capital market risks, currency exchange rate fluctuations and competition from other companies, and changes in international and national laws and regulations, in particular with respect to tax laws and regulations. Cherry AG does not assume any obligation to update any forward-looking statements.

The information contained in this presentation is for background purposes only and does not purport to be full or complete. No reliance may be placed, for any purpose, on the information contained in this announcement or its accuracy or completeness. The information in this presentation is subject to change.

Market & Industry Data

This presentation also contains estimates and other statistical data made by independent parties and by the Company relating to the Company's industry, the Company's business and the market for the Company's products and its future growth. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions, and estimates of the Company's future performance and the future performance of the market for its products are necessarily subject to a high degree of uncertainty and risk.

General remark

Figures may not add up due to rounding.

THANK YOU FOR YOUR ATTENTION

Cherry AG

Dr. Kai Holtmann | Head of Investor Relations

Einsteinstrasse 174 | Bogenhausen 81677 München, Deutschland

E-Mail kai.holtmann@cherry.de

Tel. +49 175 1971503

Fax +49 9643 20 61 900

Internet www.cherry.de

