



ODDO BHF FORUM

Investor Presentation – January 2022

CHERRY AT A GLANCE – FINANCIAL HIGHLIGHTS 9M 2021



€ 123.4m

Revenue up 31.3%



29.6%

EBITDA margin (adj.) up 1.2 pp.



569

Employees up 14.7%



€ 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

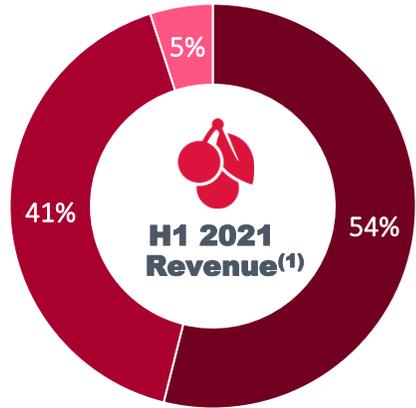
#1

Global player in Switches



219 Trademarks,
48 Patents

GLOBAL FOOTPRINT WITH HIGHLY AUTOMATED PRODUCTION



■ APAC ■ EMEA ■ Americas

(1) Revenue by domicile of purchasing entity (not end customer)



CHERRY's new HQ

CHERRY Europe GmbH

Auerbach

>350 FTEs

8,500m² (thereof 3,200m² production, 950m² warehousing)

Annual Floor Capacity: 1,100m Switches
 Annual Output (2021): 500m Switches

Switches made in Germany



Zhuhai CHERRY Electronics

Zhuhai City

86 FTEs

4,670 m² (thereof 3,120m² production and 1,550m² warehousing)

Peripherals made in China

Annual Capacity: 1,800k Keyboards

Annual Output (2021): 850k Keyboards

CHERRY Electronics Taiwan

Taipei

2 FTEs

CHERRY Electronics Hong Kong

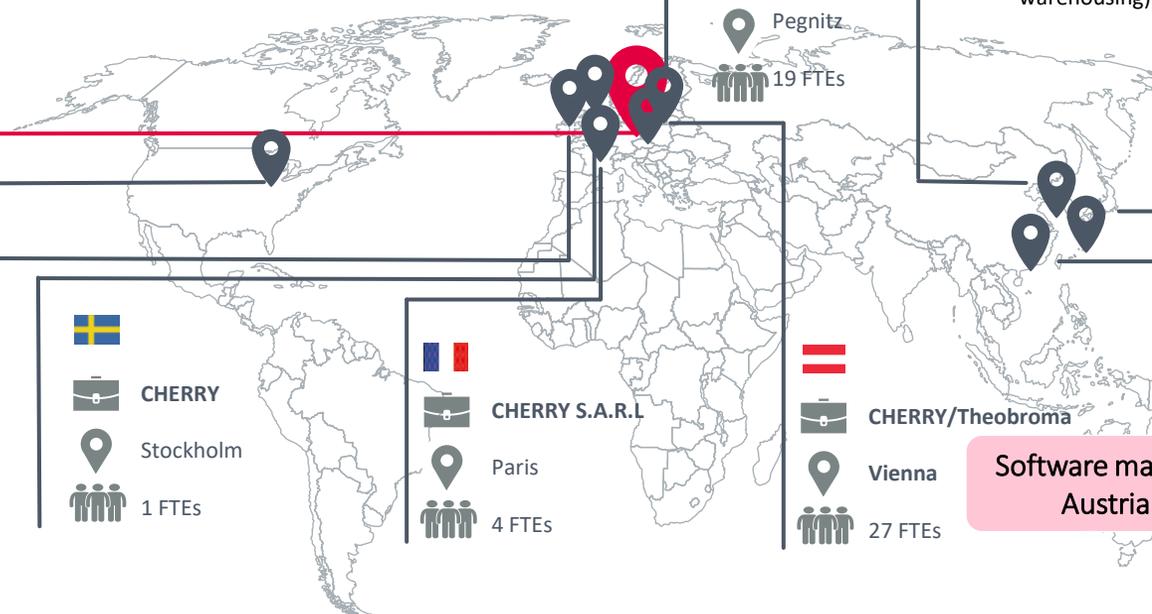
Hong Kong

2 FTEs

CHERRY/AK

Pegnitz

19 FTEs



CHERRY Americas LLC

Kenosha, WI

19 FTEs



CHERRY

London

1 FTEs



CHERRY

Stockholm

1 FTEs



CHERRY S.A.R.L

Paris

4 FTEs



CHERRY/Theobroma

Vienna

27 FTEs

Software made in Austria

INTRODUCING OUR BUSINESS UNITS



GAMING

51.2% of Revenue (9M 2021)

GAMING SWITCHES

MX switch



Viola switch



Ultra low profile switch



Low profile switch



GAMING PERIPHERALS

Gaming keyboard



Gaming mice



Gaming headsets



PROFESSIONAL

48.8% of Revenue (9M 2021)

OFFICE & INDUSTRY PERIPHERALS

Ergonomic keyboards & mice



Wireless keyboards & mice



HEALTHCARE & SECURITY PERIPHERALS

e-health terminal for German healthcare market



Encrypted key transmission keyboards



Disinfectable / washable keyboards & mice



Secure fingerprint mice



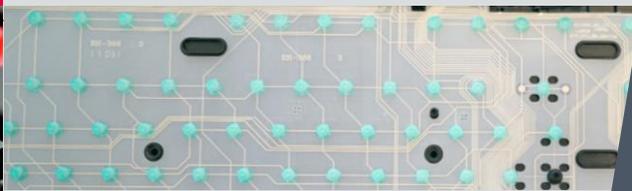
WHY CHOOSE MECHANICAL SWITCHES?



Mechanical



Rubberdome / Membrane



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

- ✗ 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

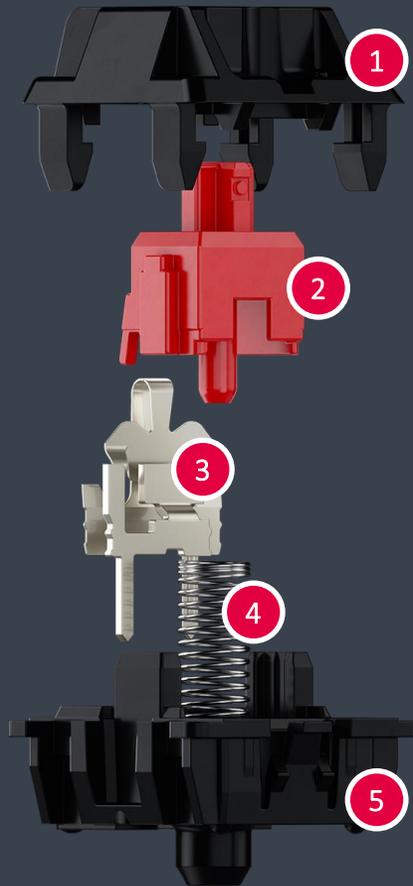
“As in other sports, specialized high-performance gear, such as gaming keyboards, mice, headsets and performance controllers, allow digital athletes to perform their best. Modern video games reward the speed and precision of user inputs, driving demand for powerful gaming components and systems.”



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

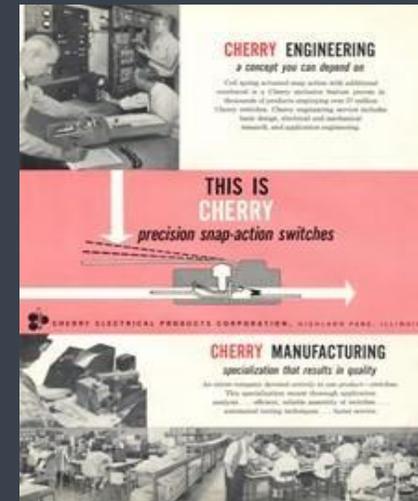
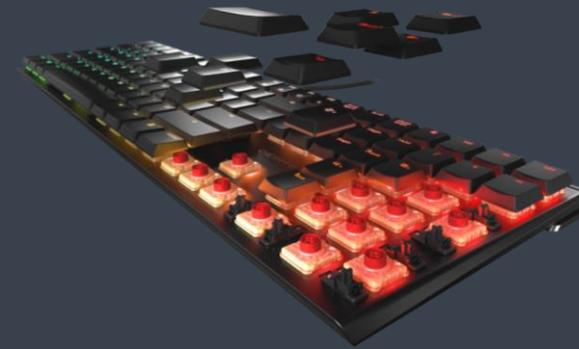
is at the heart of every CHERRY MX key switch providing incredible reliability and durability through gold's self-cleaning and corrosion-resistant characteristics

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



"CHERRY INSIDE"
Distinguishes customer products
to achieve premium pricing

QUALITY LEADERSHIP DRIVES PREMIUM PRICE POSITIONING

WHY CHOOSE CHERRY SWITCHES?

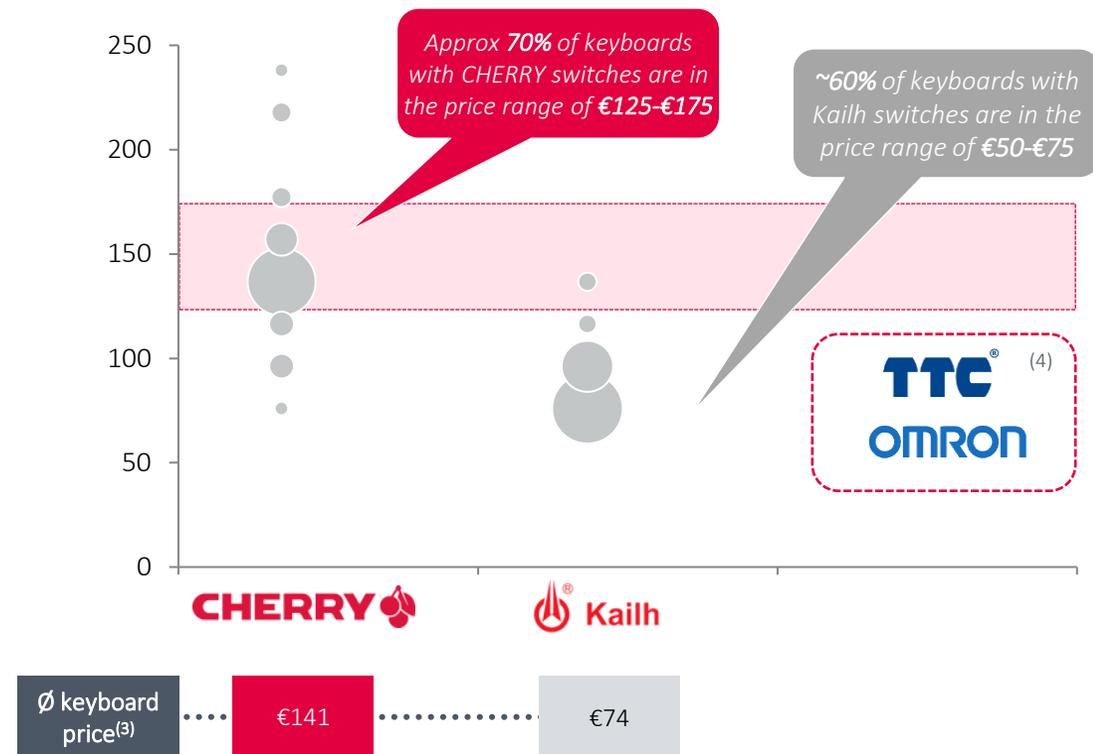
Company Assessment⁽¹⁾

Criteria				
Gaming focus	✓✓✓	✓	✓	✓
Workmanship	✓✓✓	✓	✓✓✓	✓
Reliance	✓✓✓	✓✓	✓✓	✓
Responsiveness	✓✓✓	✓✓	✓✓	✓✓
Reputation	✓✓✓	✓	✓✓	✓
Innovation	✓✓✓	✓	✓✓	✓✓
Made in Germany	✓✓✓			



CHERRY SWITCHES DRIVE PREMIUM PRICING FOR CUSTOMERS

Price of gaming keyboards (in €)⁽²⁾



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

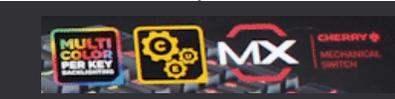
2. Source: Company web crawling, company analysis, April 2021

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									
Premium Laptops >€1,500									
Premium ~€120–€300									
High ~€80–€120			 	 <i>By</i>  <i>(white label)</i>					
Medium ~€40–€80			Niche keyboards 	 惠州冠泰电子有限公司 HUZHOU GREOTECH ELECTRONICS CO., LTD.		 惠州冠泰电子有限公司 HUZHOU GREOTECH ELECTRONICS CO., LTD.			
Low ~€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 FY 2021: CHERRY ULP: 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 FY 2021: THE CHERRY ULP SWITCH MARKET FEEDBACK



KEY OPINION LEADER REVIEWS

-  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

-  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

THE AWARD-WINNING SERIES

CHERRY MX 2.0S, HC 2.2 and MC 2.1.



NEW PRODUCTS FY 2021: 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

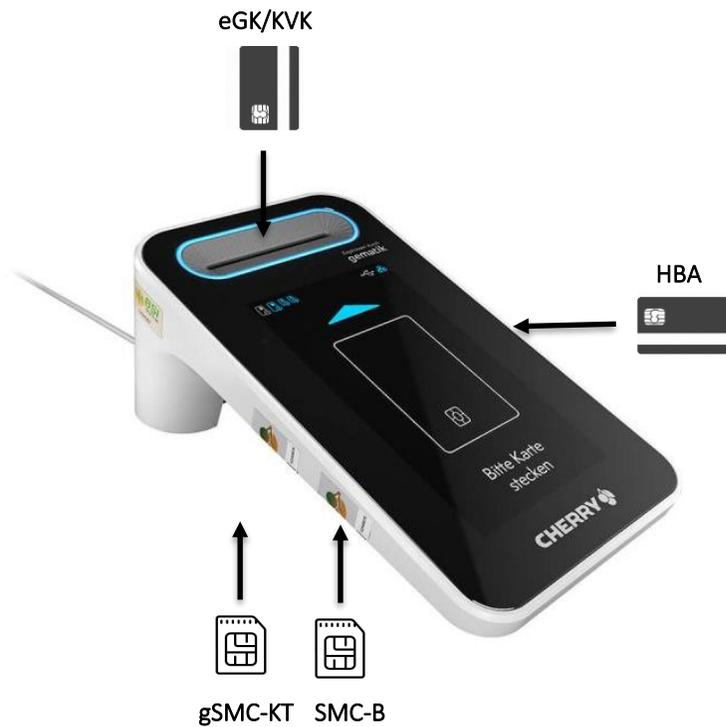
-  Optionally connected using Bluetooth® or a 2.4 GHz wireless unit – both with AES-128 encryption
-  6 button mouse with optical sensor and switchable resolution (600/1000/1600 dpi)
-  Lithium batteries in the mouse and keyboard can be recharged using USB-C

NEW PRODUCTS FY 2021: 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 GmbH 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

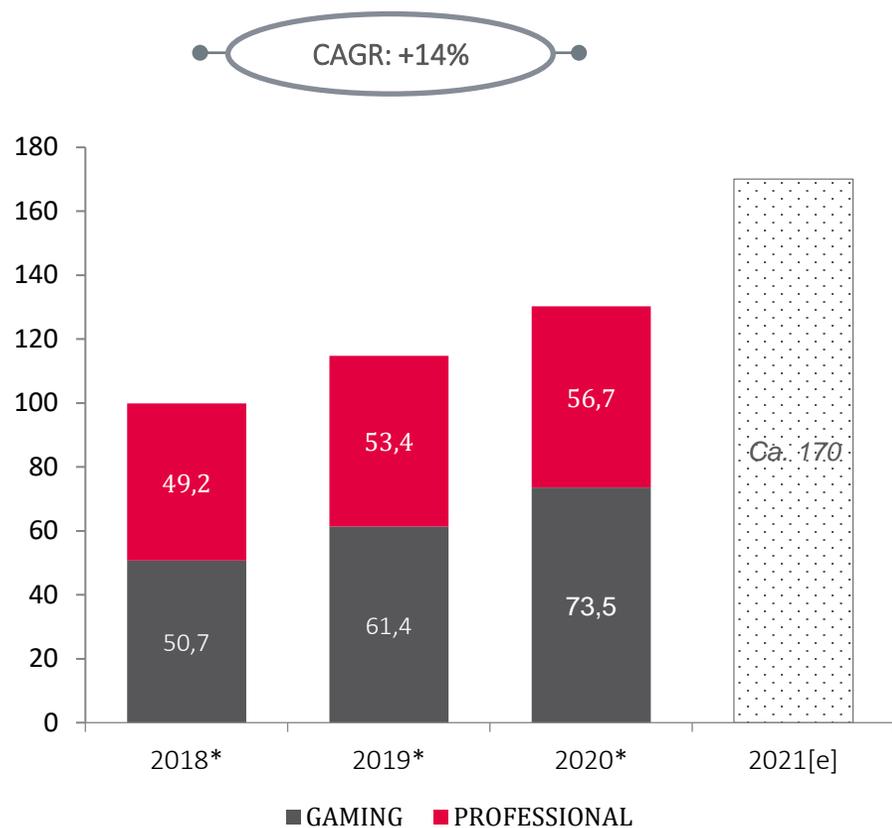


ACCELERATING ORGANIC GROUP REVENUE GROWTH



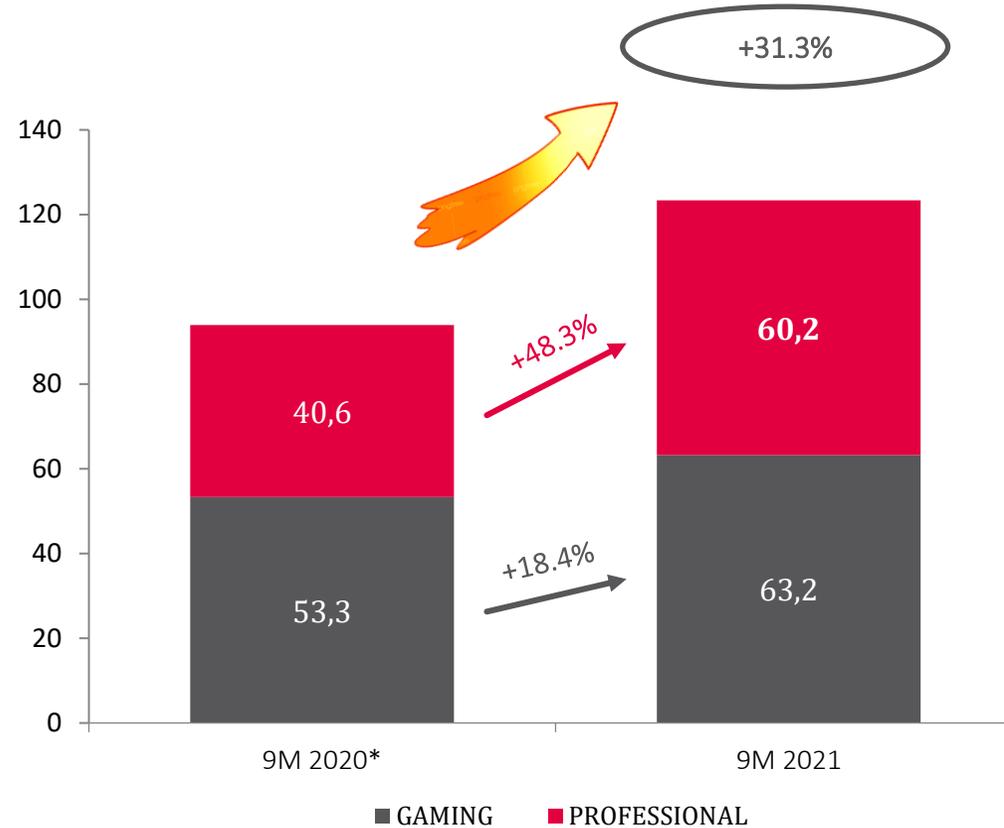
TRACK RECORD OF DOUBLE DIGIT GROWTH

Revenue (in €m)



ACCELERATING REVENUE GROWTH

Revenue (in €m)



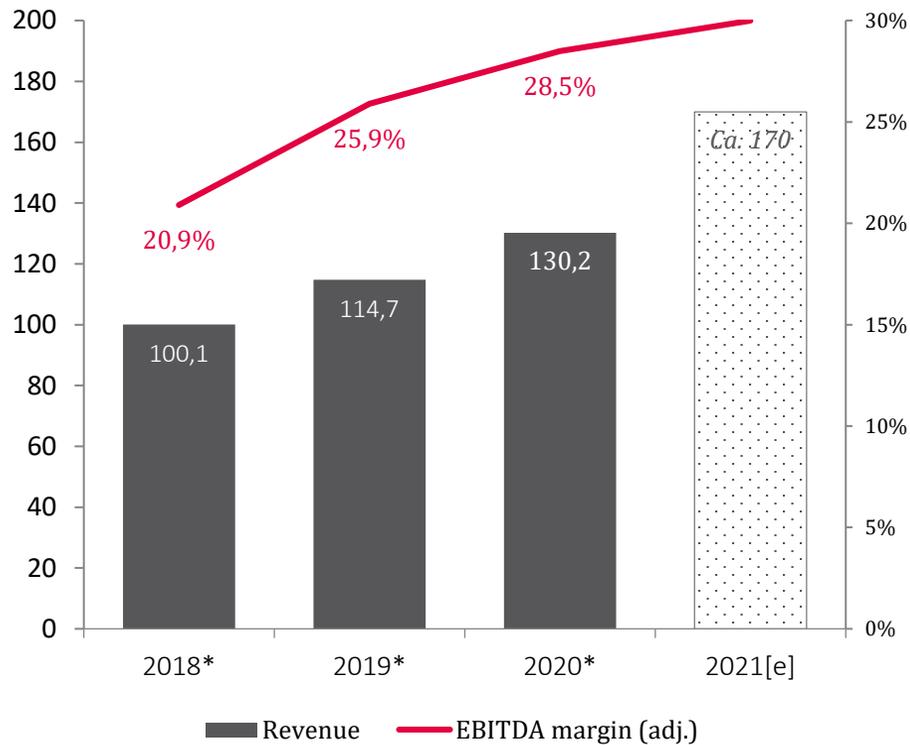
* In the 2020 financial year, the Cherry AG Group did not yet exist in its current structure. Therefore, unaudited pro forma comparative figures of the Cherry AG Group are given for the prior-year period.

TRACK RECORD OF HIGH PROFITABILITY

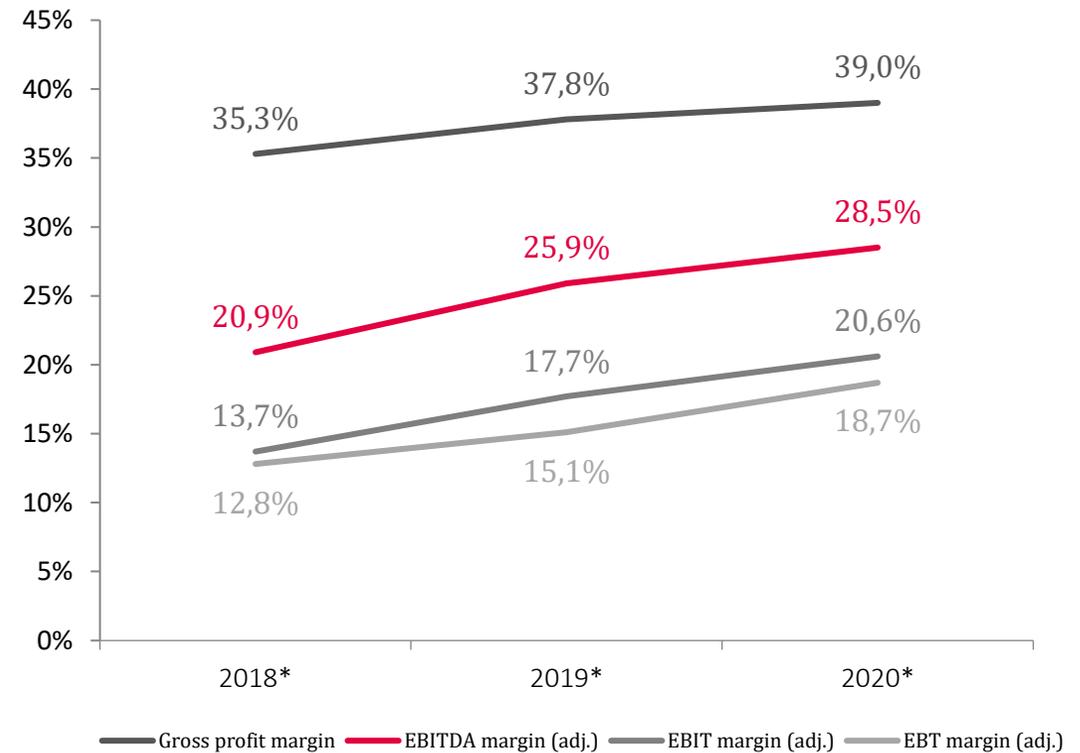


IMPROVEMENT OF EBITDA MARGINS (ADJ.)

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	around 170
EBITDA margin (adj.)	28.5%	29.6%	around 30%

FURTHER OUTLOOK

- Multiple secular growth trends and underlying market dynamics 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

BUSINESS UNIT

UNDERLYING GROWTH DYNAMICS

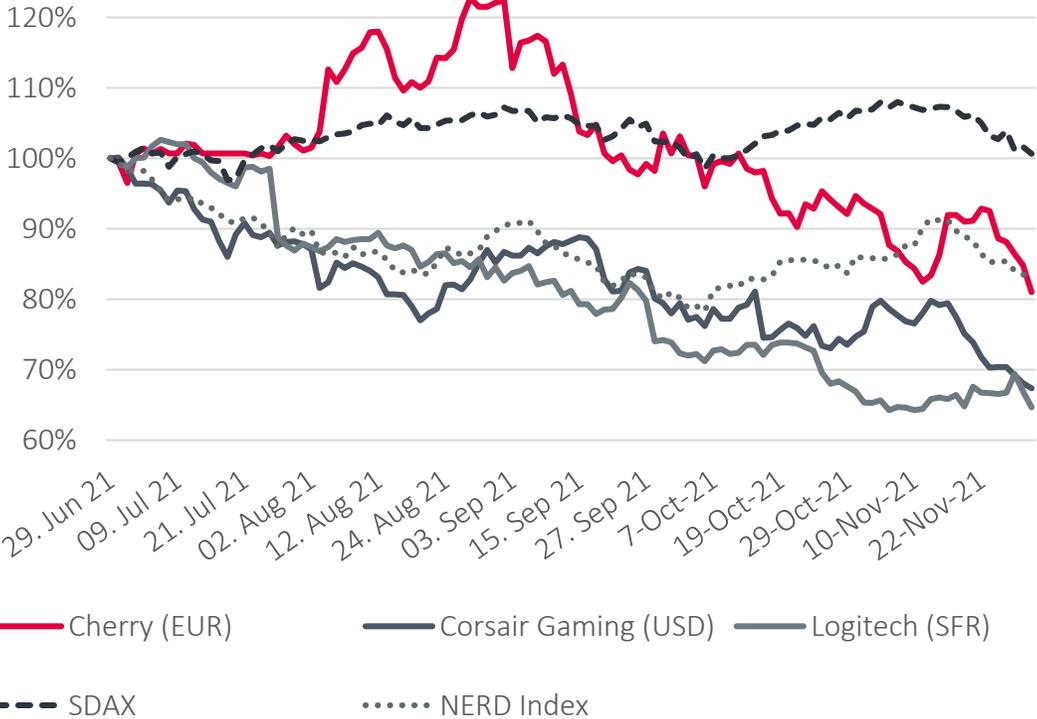
Gaming Peripherals	++
Components (Switches)	+++
Professional Peripherals (Office & Industry)	++
Digital Health	+++

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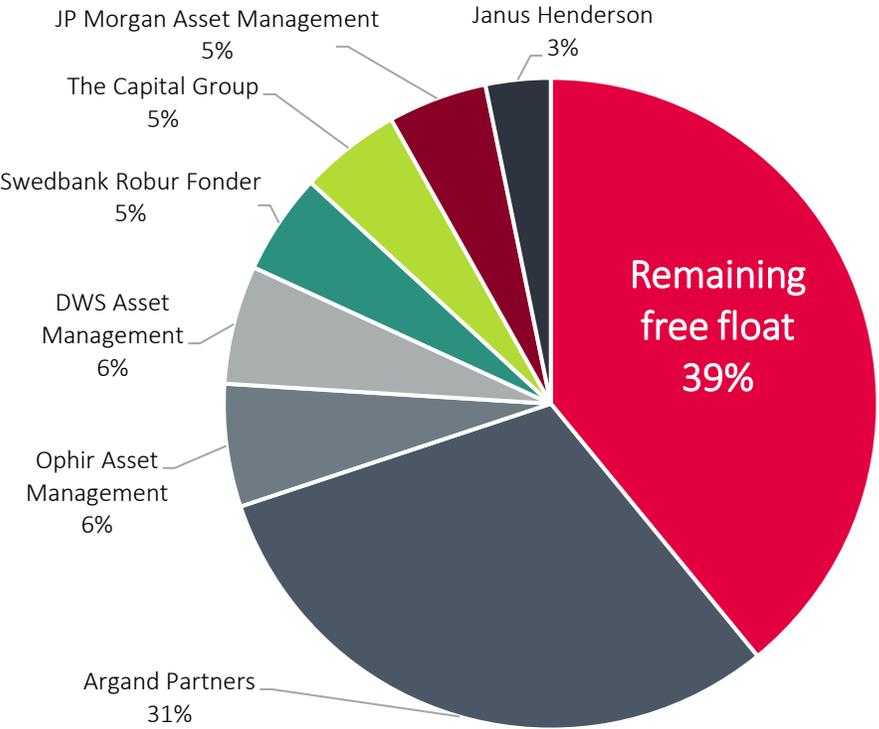
SHARE PERFORMANCE / CURRENT SHAREHOLDER STRUCTURE



RELATIVE SHARE PERFORMANCE



SHAREHOLDER STRUCTURE



DRIVING ORGANIC AND INORGANIC GROWTH



STRATEGIC ELEMENTS FOR ORGANIC GROWTH

- 🍒 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

- Increase number, knowledge and expertise of employees
- Advance Research & Development activities
- Expand marketing activities in B-2-B and B-2-C markets
- Increase capacity and degree of automation in production

STRATEGIC ELEMENTS FOR M&A

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

M&A TARGET PROFILE

- 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.

FOCUSED STRATEGY TO FURTHER OUTGROW THE MARKET



BRAND RECOGNITION

Innovative Leadership



- New products
- New technology

Retain Premium Position



- Through continued quality leadership

Geographic Expansion



- GAMING: Australia, Indonesia, Malaysia
- PROFESSIONAL: Nordic, CEE & China

M&A



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

Organic Growth

Inorganic Growth

GROWTH DRIVERS FOR GAMING

Global gaming market



Increasing number of gamers



Increasing game control complexity



Trend towards professionalization of gaming



Increasing public interest in eSports



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



High popularity of PC games

GROWTH DRIVERS FOR PROFESSIONAL PERIPHERALS



Global professional input devices market



Increasing number of “digital creators” with willingness to buy premium



Increasing number of customers with a strong need for highly unique premium products



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



Work from home, provides a wider base for replacement cycles



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



Further roll out of ST-1506 e-health terminal

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 and pricing power 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 secular trends in underlying markets



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

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.

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General remark

Figures may not add up due to rounding.

THANK YOU FOR YOUR ATTENTION

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