REMUNERATION REPORT PURSUANT TO SECTION 162 OF THE GERMAN STOCK CORPORATION ACT

Remuneration Report for Management Board and Supervisory Board

The Remuneration Report for the Management Board and the Supervisory Board for the 2023 fiscal year was jointly prepared by the Management Board and the Supervisory Board of Cherry SE (also referred to below as "Cherry SE" or "Cherry") pursuant to Section 162 of the German Stock Corporation Act (AktG). The Remuneration Report explains the principal features of the systems of remuneration for the members of the Management Board and the Supervisory Board of Cherry and provides information on the remuneration granted and owed to each current and former member of the Management Board and the Supervisory Board of Cherry in the 2023 fiscal year. The Remuneration Report complies with all current legal and regulatory requirements, in particular Section 162 AktG, and takes into account the recommendations of the German Corporate Governance Code (GCGC). It also complies with all the applicable requirements of the current financial accounting regulations for capital market-oriented companies (German Commercial Code "HGB", International Financial Reporting Standards "IFRS") and the guidelines published by the "Guidelines for Sustainable Management Board Remuneration Systems" working group.

Review of the 2023 fiscal year

In the 2023 fiscal year, Cherry SE was confronted with some extremely difficult market conditions, which called for some fundamental strategic decisions and operational measures to meet the resulting challenges. Not only was the market environment characterized by macroeconomic adversity and geopolitical crises, which had a significant impact on demand for consumer electronics, adverse developments also had to be taken into account at Group level, counteracted accordingly, and transformation processes initiated.

In all three segments, GAMING & OFFICE PERIPHERALS, DIGITAL HEALTH & SOLUTIONS, and COMPONENTS, specific measures needed to be taken in the second half of the year to revitalize profitability. The comprehensive restructuring of the COMPONENTS segment that was required to restore switch production to competitiveness is particularly worth mentioning in this context. Moreover, a Group-wide package of measures was put in place to improve numerous internal processes and structures, such as procurement and sales management as well as financial planning. As Cherry's Supervisory Board, we closely monitor developments at both Group and segment level and are in close contact with the Management Board to ensure that the targets set are being achieved. Key milestones have already been reached in terms of process optimization and restructuring. As a result, the contract manufacturing of MX2 switches in China is now expected to commence in the second quarter and not in the third quarter of the current year as originally planned.

In the view of the Supervisory Board, Cherry is now structured and positioned in a way that enables the Group to benefit from the global trend of hybrid working, the shift in demand towards high-quality mechanical keyboards, the digitalization of the healthcare system, and the transfer of ULP switch technology from gaming to office notebooks, and to actively contribute to shaping the respective markets.

With an issue price of EUR 32.00 on June 29, 2021, the Cherry share recorded a high of EUR 39.00 on August 27, 2021. In 2023, the Cherry share reached its high for the year on January 5, 2023 and was quoted at EUR 8.59. On October 31, 2023, the Cherry share reached its low for the year and was quoted at EUR 2.13. At the end of the fiscal year on December 31, 2023, the share price stood at EUR 3.18.

Changes in the composition of the Management Board and the Supervisory Board

For the full fiscal year 2023, the Management Board of Cherry SE included the CEO, Mr. Oliver Kaltner, and the COO, Dr. Udo Streller. From January 1, 2023 to March 31, 2023, the Management Board of Cherry SE also included the CFO, Mr. Bernd Wagner, who left Cherry on March 31, 2023. On April 15, 2023, the Management Board was enlarged to include Dr. Mathias Dähn, who took over the CFO duties from Mr. Wagner. Dr. Mathias Dähn received a Management Board contract until April 14, 2026. Additionally, Dr. Udo Streller's contract was extended until June 30, 2026.

In the 2023 fiscal year, the Supervisory Board of Cherry SE comprised Marcel Stolk (Chairman and member of the Personnel and Compensation Committee), James Burns (Deputy Chairman and Chairman of the Audit Committee), Joachim Coers (member of the Audit Committee, member of the Personnel and Compensation Committee), Heather Faust (Chairwoman of the Personnel and Compensation Committee, member of the Audit Committee), Steven M. Greenberg (Chairman of the Nomination Committee), Charlotte Hovmand Johs as of May 17, 2023 (member of the Personnel and Compensation Committee), and Dino Sawaya (member of the Audit Committee and the Nomination Committee) as well as Tariq Osman until May 17, 2023 (member of the Nomination Committee and the Personnel and Compensation Committee). Joachim Coers resigned from the Supervisory Board with his service ending on December 31, 2023.

Appropriateness of Management Board remuneration and compliance with the defined maximum remuneration

The remuneration system for the Management Board and the total remuneration for each member of the Management Board are determined and regularly reviewed by the full Supervisory Board – after appropriate preparation by the Personnel and Compensation Committee. The topics addressed by the Supervisory Board and the Personnel and Compensation Committee during the year under report are explained in detail in the Report of the Supervisory Board.

The Supervisory Board reviews the appropriateness of the individual remuneration components and the total amount of remuneration on a regular basis. The review of the appropriateness of the Management Board's remuneration showed that the remuneration resulting from the level of target achievement for the 2023 fiscal year was appropriate.

Horizontal comparison (external comparison)

In a horizontal comparison, the Supervisory Board ensures that the target total remuneration is commensurate with the duties and the performance of the Management Board as well as the situation of the Company in general and is also in line with current market standards. In particular, the remuneration levels and structures of comparable companies (i.e. peer groups) are examined. Suitable companies are used for this comparison with regard to Cherry's market position (particularly industry, size, and country).

In determining the remuneration of the Management Board, the Supervisory Board takes into account the customary level of remuneration, in particular by reference to those of the Prime Standard and other selected national and international companies in the electronics and hardware sector. In a horizontal comparison, the appropriateness of the remuneration of the Management Board is reviewed annually by the Supervisory Board in order to ensure that it is in keeping with market standards and competitive in view of the economic situation of the Company. In addition to Prime Standard companies, the following national and international companies in particular were used for comparison purposes when conducting the appropriateness review during the year under report: Corsair Gaming Inc., Naccon SA, Logitech International SA, Turtle Beach Corp., and Asustek Computer Inc.

Vertical comparison (internal comparison)

In addition to a horizontal comparison, the Supervisory Board compares the remuneration of the Management Board with that of the Cherry workforce in a vertical comparison. In the remuneration system of Cherry AG (now Cherry SE) approved by the Annual General Meeting on June 8, 2022, in addition to the executives used for the vertical comparison, the Supervisory Board is required to take the development of remuneration across the entire workforce into account. The Supervisory Board of Cherry SE therefore reviews the development of the specific total remuneration of the members of the Management Board within the Company in relation to the remuneration trend for senior management as well as the workforce as a whole. The senior management team consists of the first management level below the Management Board, comprising in particular the heads of the four main business units as well as those of the key specialist departments. The total workforce includes all the employees of the Cherry Group worldwide.

In the 2023 fiscal year, the remuneration granted and owed to the Management Board (excluding signing bonus and severance payments) fell by -5,64%. The remuneration granted and owed to the first level of management increased by 1.54% in the 2023 fiscal year. Remuneration for the workforce as a whole, including all ancillary costs, fell by -5.71% year on year.

Table 1 – Average remuneration over time

	2021	2022	2023
Average remuneration per full-time equivalent	EUR 57,380	EUR 58,011	EUR 58,613
Change from previous year		1.1%	1.0%

Remark: Remuneration for the workforce as a whole, excluding the management board

Remuneration of Management Board members

Pursuant to Section 120a AktG, a remuneration system that complies with the requirements of Section 87a AktG and the recommendations of the GCGC pursuant to Section 120a (1) AktG must be approved for the members of the Management Board, which is usually done during the Annual General Meeting. The remuneration system for the members of the Management Board was approved at the Company's Annual General Meeting on June 8, 2022. There was no further approval of the remuneration system thereafter, which is why reference is made to the approval during the Annual General Meeting held in 2022.

The remuneration system for members of the Management Board is generally based on the size, complexity, and economic situation of the Cherry Group and its prospects for the future. Moreover, the system is geared towards the Group's corporate strategy, thus creating an incentive for successful and sustainable corporate governance.

At the same time, it takes into account the responsibilities and the performance of the Management Board as a whole as well as that of its individual members. The remuneration system is therefore based on transparent, performance-related parameters that are geared towards corporate success and sustainability. In order to place the main focus on Cherry's long-term development, the proportion of long-term variable remuneration exceeds that of short-term variable remuneration.

The full Supervisory Board is responsible for the structure of the remuneration system for members of the Management Board and also for determining their individual remuneration. The Supervisory Board's Personnel and Compensation Committee assists the Supervisory Board in this regard, monitors the proper structuring of the remuneration system, and prepares Supervisory Board resolutions. In the event of significant changes to the remuneration system, but at least every four years, the remuneration system is presented to the AGM for approval.

Overview of the remuneration system for the members of the Management Board of Cherry SE

In determining the total remuneration of each Management Board member, comprising basic remuneration, fringe benefits, a pension plan, short-term variable remuneration (STI), and long-term variable remuneration (LTI), the Supervisory Board has taken care to ensure that the various factors are commensurate with the responsibilities and performance of each Management Board member and Cherry's situation and do not exceed the usual level of remuneration without specific justification. With the assistance of external remuneration consultants, in June 2021 the Supervisory Board aligned the remuneration structure to the sustainable and long-term development of the Company. Consequently, variable remuneration components are based on a multi-year assessment and limits have been agreed upon in the event of any exceptional developments.

The performance criteria for both short-term and long-term variable remuneration are based on the Group's strategic objectives and operational management, which are primarily aimed at increasing profitability. For this reason, adjusted EBITDA in conjunction with the relative development of the share price as performance indicators for Cherry SE form the key performance criteria for variable remuneration. While taking the interests of shareholders and other stakeholders into consideration, the aim is to ensure the sustainability of Cherry SE's business operations and take its social and ecological responsibility duly into account. Therefore, in addition to the financial targets set for adjusted EBITDA, the achievement of non-financial targets was also agreed for the STI. The LTI still only includes the achievement of financial targets.

The following table provides a general overview of the various components of Management Board remuneration for the 2023 fiscal year, including their structure and the underlying objectives. The target values for the performance criteria of the variable remuneration components are set annually by the Supervisory Board at the beginning of each fiscal year. All variable remuneration components are limited by a maximum payout cap. In the 2023 fiscal year, the Management Board received all the remuneration components as of January 1, 2023, with the exception of the new, third Management Board member, whose remuneration was granted on a time-apportioned basis as of April 15, 2023. The variable remuneration is also subject to malus and clawback clauses. In addition, the total annual remuneration for members of the Management Board is limited by a maximum remuneration cap.

A share retention program also forms a further key component of the remuneration system. For the duration of their Management Board service contracts, each member of the Management Board is required to purchase and retain Cherry shares equivalent to at least 200% (CEO and CFO) and 150% (COO) of their annual basic remuneration until the end of the share accumulation phase.

The following table provides an overview of the main components of the Management Board's remuneration system, the underlying targets including their reference to corporate strategy, and their specific structure in the 2023 fiscal year.

Current remuneration structure	Reference to corporate strategy	Application in 2023 fiscal year
Fixed remuneration		
Basic remuneration		
• Annual fixed, non-performance-based basic remuneration • Payable in twelve monthly installments	Intended to reflect the role and area of responsibility on the Management Board. Intended to ensure an appropriate basic income and prevent unreasonable risk-taking.	CEO:EUR 415,000 p.a. CFO:EUR 303,600 p.a., as of April 15, 2023 EUR 305,000 p.a. COO:EUR 285,000 p.a.
Fringe benefits		

• Fringe benefits/benefits in kind in line with market standards • Insurance benefits	To ensure fringe benefits in line with market standards and the assumption of costs that are directly related to and facilitate the activities of the Management Board.	• Company car or vehicle allowance • Accident insurance • Contributions to public or private health and long-term care insurance • Inclusion in D&O insurance
Pension plan		
• Contributions to self-funded company pension plan	Intended to secure a retirement pension in part and only granted if at least the same amount is additionally paid in by the Management Board member. Establishing and securing an adequate pension plan is part of a competitive remuneration system.	**Chief Operating Officer** EUR 6,663 p.a. During the term of the Executive Board employment contract, the company pays the employer's contribution of EUR 4,800 p.a. to the self-financed pension plan. There is also a direct insurance policy with an annual contribution of EUR 1,863.

Performance-related annual remuneration		
Short-term variable remuneration (Short Term Incentive, STI)		

• Type of plan: Annual bonus based on target amount
• Performance criteria:
  • 70% adjusted Group EBITDA
  • 30% non-financial performance targets
• Duration: One year
• Cash payment with first remuneration statement after approval of the consolidated financial statements
• Maximum amount payable is capped as a percentage of basic remuneration.
	The STI is a performance-based variable remuneration component with a one-year assessment period that incentivizes the contribution of the Management Board member to the operational implementation of corporate strategy and sustainable corporate development made during the fiscal year. The STI is intended to promote profitable growth, taking into account the overall responsibility of the Management Board and the individual performance of the members of the Management Board.	**Chief Executive Officer:**
		80%, i.e. EUR 332,000 (assuming 100% target achievement) of the annual basic remuneration with partial payment on the EBITDA criteria beginning once a threshold value of 85% of the agreed target has been achieved.
		
		The maximum amount payable is capped at 120% of the annual basic remuneration, i.e. EUR 498,000 (assuming 150% target achievement). Target achievement between 100-150% is calculated on a progressive linear basis, as presented below. The Supervisory Board defines targets on an annual basis.
		
		Chief Financial Officer:
		60%, i.e. EUR 182,160 and, as of April 15, 2023 EUR 183,000 (assuming 100% target achievement) of the annual basic remuneration with partial payment on the EBITDA criteria beginning once a threshold value of 85% of the agreed target has been achieved.
		
		The maximum amount payable is capped at 90% of the annual basic remuneration, i.e. EUR 273,240 and, as of April 15, 2023, EUR 274,500 (assuming 150% target achievement). Target achievement between 100-150% is calculated on a progressive linear basis, as presented below. The Supervisory Board defines targets on an annual basis.

		Chief Operating Officer (COO): 31.6%, i.e. EUR 90,000 (assuming 100% target achievement) of the annual basic remuneration with partial payment on the EBITDA criteria beginning once a threshold value of 85% of the agreed target has been achieved. **The maximum amount payable is capped at EUR 135,000 p.a.** (assuming 150% target achievement). Target achievement between 100-150% is calculated on a progressive linear basis, as presented below. The Supervisory Board defines targets on an annual basis.
Multi-year variable remuneration (Long Term Incentive, LTI)		

• Type of plan: Virtual Performance Share Plan
• Performance criteria:
  • 50% relative Total Shareholder Return
  • 50% adjusted Group EBITDA
• Duration: Four years, consisting of a three-year performance period followed by a one-year lock-up period
• Payment either in cash or in Cherry shares, at Cherry SE's discretion
• Maximum amount payable is capped as a percentage of basic remuneration.
	Intended to encourage Management Board members to act in the interests of the sustainable and long-term development of the Company. The link to the development of the share price fosters a stronger connection between shareholder interests and the promotion of Cherry's long-term growth. The variable remuneration component within the LTI also depends on Cherry's success in the context of its long-term strategy and is therefore geared to the long-term development of the Cherry Group.	**Chief Executive Officer:**
		120% of annual basic remuneration, i.e. EUR 498,000 (assuming 100% target achievement). In the 2023 fiscal year, the maximum amount payable per LTI tranche was EUR 2.5 million p.a.
		
		Chief Financial Officer:
		90% of annual basic remuneration, i.e. EUR 273,240, as of April 15, 2023, EUR 274,000 (assuming 100% target achievement). In the 2023 fiscal year, the maximum amount payable per LTI tranche was EUR 1.65 million p.a.
		
		Chief Operating Officer:
		36.8% of annual basic remuneration, i.e. EUR 105,000 (assuming 100% target achievement). In the 2023 fiscal year, the maximum amount payable per LTI tranche was EUR 625,000 p.a.

Payments in the event of premature termination of service		
Termination by mutual consent		
Maximum two years' remuneration (severance payment cap)	Intended to avoid unreasonably high severance payments.	Severance payment in the event of early termination: Two years' remuneration without entitlement to an LTI bonus, benefits in kind, and other fringe benefits. The relevant annual remuneration is set out in the respective Management Board service contract. If the contract is terminated on a "bad leaver" basis, all claims to the STI that have not yet been paid out are also forfeited. "Bad leaver" covers resignation for good reason pursuant to Section 84 (4) AktG or due to termination by the Management Board member without good reason.

Other remuneration provisions		
Maximum remuneration		
Pursuant to Section 87a (1) sentence 2 no. 1 AktG	Prevents unreasonably high remuneration.	The service contracts for members of the Management Board contain provisions on maximum remuneration. • Chief Executive Officer: EUR 3.5 million • Chief Financial Officer: EUR 3.0 million, as of April 15, 2023, EUR 2.75 million • Chief Operating Officer: EUR 1.25 million
Share retention program		
Purchase and retention of Cherry shares in relation to the respective basic remuneration.		Each Management Board member is required to purchase and retain Cherry shares equivalent to 200% or 150% (COO) of their annual basic remuneration by the end of the share accumulation phase.
Malus/compliance and clawback clause	Strengthens incentives to adhere to key principles of duty and compliance by avoiding inappropriate conduct and unreasonable risks	The Supervisory Board has the option to withhold the STI and LTI or reclaim variable remuneration already paid out in the event of a breach of duty pursuant to Section 93 AktG and/or other compliance duties on the part of Management Board members.
Continued payment of remuneration in the event of illness.		Six months, or at the latest when the Management Board member's service contract expires.

In the 2023 fiscal year, the Management Board received the above remuneration from January 1, 2023 to December 31, 2023 *on a time–apportioned basis* for twelve months with the exception of the newly appointed Management Board member, who received the basic remuneration and the STI and LTI entitlement from April 15, 2023, i.e. for a period of eight-and-a-half months.

Target remuneration and remuneration structure

The Supervisory Board of Cherry SE has determined the amount of target remuneration for each member of the Management Board applicable for the 2023 fiscal year *on a time–apportioned basis* as shown in the following table. In doing so, it has ensured that the **target total remuneration** is commensurate with both the responsibilities and the performance of the respective Management Board member. Furthermore, the Supervisory Board of Cherry SE took particular account of the economic situation and the market environment as well as the success and future prospects of the Cherry Group, paying particular attention to the standard market rate of the target total remuneration.

Table 2 – Management Board target remuneration 2023

Maximum target remuneration assuming 100% target achievement	**Oliver Kaltner, CEO** 2023 (Jan. 1–Dec. 31, 2023)		**Mathias Dähn, CFO*** 2023 (Apr. 15–Dec. 31, 2023)		**Dr. Udo Streller , COO** 2023 (Jan. 1–Dec. 31, 2023)		**Bernd Wagner, CFO**** 2023 (Jan. 1–Mar. 31, 2023)	
	in €	in %	in €	in %	in €	in %	in €	in %
Basic remuneration	415,000	32.9	216,042	39.7	285,000	56.5	75,900	38.7
Fringe benefits	18,000	1.4	4,370	0.8	18,000	3.6	4,626	2.4
Pension plan	0	0.0	0	0.0	6,663	1.3	1,408	0.7
Total fixed remuneration	433,000	34.3	220,412	40.5	309,663	61.4	81,935	41.9

Short-term variable remuneration **(STI)**	332,000	26.3	129,625	23.8	90,000	17.8	45,540	23.2
Long-term variable remuneration **(LTI)**	498,000	39.4	194,438	35.7	105,000	20.8	68,310	34.9
Total variable remuneration	830,000	65.7	324,063	59.5	195,000	38.6	113,850	58.2
Other	0	0.0	0	0.0	0	0.0	0	0.0
Target total remuneration	1,263,000	100.0	544,475	100.0	504,663	100.0	195,785	100.0

*Time-apportioned as of April 15, 2023
**Time-apportioned until March 31, 2023

Appropriateness of Management Board remuneration

In accordance with the remuneration system, the Cherry SE Supervisory Board conducts a review of the market compatibility of the Management Board's remuneration at regular intervals, generally on the basis of a horizontal and vertical comparison. The horizontal review of the appropriateness of the remuneration is conducted based on a comparison with other listed companies. Listed companies with which Cherry SE competes for talent were used for comparative purposes. When conducting the peer group analysis, the Supervisory Board considers companies that are comparable to Cherry in terms of market position, industry, size, and country. Eleven listed companies based in Central Europe and North America were used to conduct the peer group analysis in 2022. The peer group consists primarily of market-leading listed companies in the gaming and computer peripherals sector with consumer markets throughout all international regions. The companies selected have a similar business model. Moreover, the Supervisory Board has ensured that the companies included in the peer group are also comparable in terms of size. The Personnel and Remuneration Committee considers financial characteristics such as revenue, profit, and profitability when assessing the appropriateness of the remuneration packages for the Management Board.

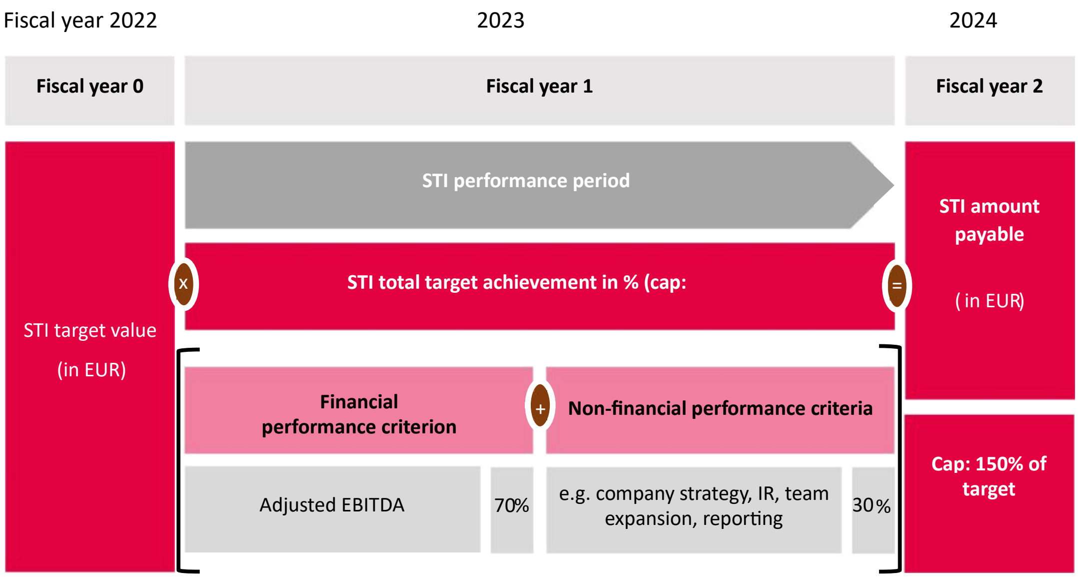
Variable remuneration in the 2023 fiscal year

Amount of annual bonus (STI) for the 2023 fiscal year

The STI is a performance-based variable remuneration component with a one-year assessment period. The STI is calculated on the basis of 70% target achievement for adjusted Group EBITDA (**STI EBITDA target**) and 30% achievement of various other non-financial performance criteria (**non-financial STI targets**).

Table 3 – STI diagram

The payment of the STI is calculated as follows:



Contribution to the long-term development of the Company

Adjusted EBITDA reflects the Cherry Group's operating profitability and thus helps to promote its business strategy. In addition to its financial development, the sustainable non-financial development of the Cherry Group is also of critical importance for its long-term success. This component of the STI is measured by the achievement of non-financial performance criteria that deliver a qualitative improvement and therefore underpin Cherry SE's capital market viability. The 2023 fiscal year was regarded as one of transition and consolidation, which was to be used to adapt the Cherry Group to the changed framework conditions and further developed strategies.

Financial performance criterion

The STI EBITDA target value is set annually by the Supervisory Board and based on the budget planning for the Cherry Group. The following applies when determining the target and threshold values: If the STI EBITDA target achievement is below 85% of the STI EBITDA target, the share of the total STI target achievement attributable to EBITDA is 0%. If the STI EBITDA target achievement is 85% of the STI EBITDA target, the share of the total STI target achievement attributable to EBITDA is 50% (**lower threshold value**). If the STI EBITDA target achievement is 100% of the STI EBITDA target, the share of the total STI target achievement attributable to EBITDA is 100% (**target value**). If the STI EBITDA target achievement is 120% of the STI EBITDA target, the share of the total STI target achievement attributable to EBITDA is 125% (**upper threshold value**). If the STI EBITDA target achievement is 135% of the STI EBITDA target or greater, the share of the total STI target achievement attributable to EBITDA is 150% (**maximum threshold value**). If the STI EBITDA target achievement lies between the above-mentioned percentages, the STI EBITDA target achievement is calculated on a linear basis. The maximum target achievement is capped at 150% of the STI EBITDA target.

The STI bonus curves are structured according to the following diagram:

Table 4 – STI diagram

With regard to the financial performance criterion relevant for the 2023 fiscal year (STI EBITDA target), the Supervisory Board determined the following target achievements (in EUR million) after the end of the fiscal year:

STI financial target achievement 2023

Performance criterion	Lower threshold value for 50% target achievement	Target value for 100% target achievement	Upper threshold value for 125% target achievement	Maximum threshold value for 150% target achievement (cap)	Actual figure for 2023	Target achievement for 2023 in per cent
Adjusted EBITDA for the Group	15.47	18.2	21.84	24.57	2.25	12.36%

As the target agreed for the members of the Management Board for 2023 is based on adjusted EBITDA, additional one-off adjustments for extraordinary expenses amounting to EUR 12.3 million were made in 2023, primarily attributable to the restructuring of the keyboard switches business and personnel changes on the Management Board. These expenses raised the financial targets actually achieved, but were still not sufficient to achieve the overall financial targets, as the 85% threshold was not reached and the share of the overall STI target achievement attributable to EBITDA was therefore 0%

Non-financial performance criterion

The non-financial targets for 2023 mainly consisted of personal targets set for the Chairman of the Management Board, the Chief Financial Officer, and the Chief Operating Officer. The targets were different for each Management Board member in 2023. The non-financial targets were largely met by two Management Board members. Overall, target achievement was within a range between 50% and 98.75%. The achievement of milestones reflects performance in terms of business strategy development, the integration of acquisitions, the reliability of financial reporting, the development of cost optimization initiatives, and the implementation of ESG factors, including team development and mentoring.

STI total target achievement in 2023

For the members of the Management Board, this results in the following total target achievements and payments for the full year 2023 (January 1 to December 31, 2023) for the STI:

Table 5 – total target achievement 2023

STI Target achievement 2023	Target amount 100%	Target achievement in %			**Amount payable in EUR (Jan. 1 / Apr. 15 –Dec. 31, 2023)****
		Financial target achievement	Non-financial target achievement	Total target achievement	
Oliver Kaltner	332,000	0.00%	98.75%	29.63%	98,355
Dr. Mathias Dähn*	129,625	0.00%	50.00%	15.00%	19,444
Dr. Udo Streller	90,000	0.00%	95.00%	28.50%	25,650
Total	551,625			26.00%	143,449

*Time-apportioned as of April 15, 2023

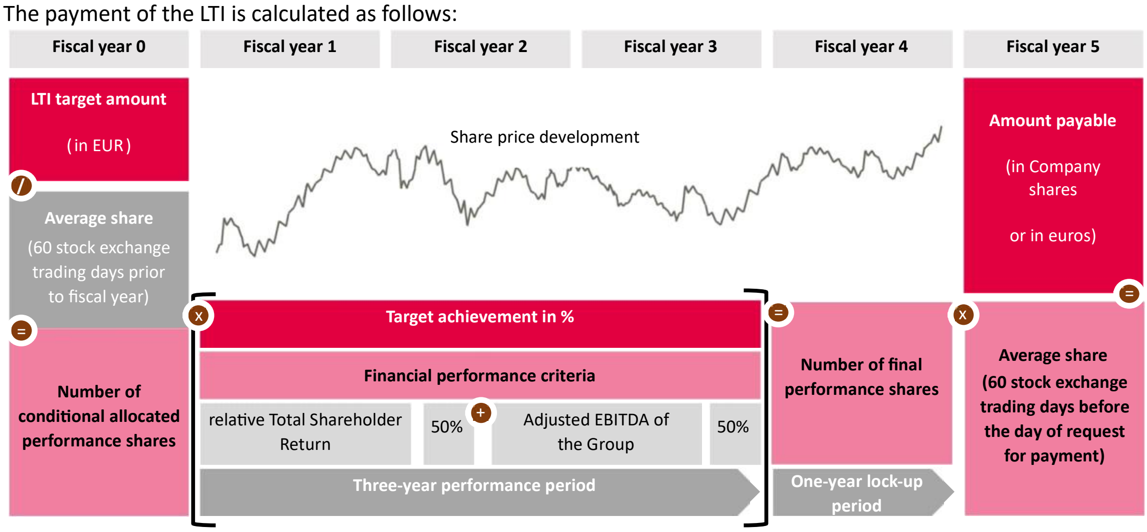
**Payment in May 2024

Long-term variable remuneration 2023 (LTI 2023) – conditionally allocated virtual shares

The LTI is structured as a Performance Share Plan in which virtual shares (performance shares) of Cherry SE are conditionally allocated in annual tranches on January 1 of each fiscal year (**conditionally allocated performance shares**). The duration of an LTI tranche is four years and consists of a three-year performance period (**LTI Performance Period**) and a subsequent one-year lock-up period (**lock-up period**). The LTI performance targets regularly consist of 50% based on relative Total Shareholder Return (**rTSR target**) and 50% based on adjusted Group EBITDA (**LTI EBITDA target**).

Table 6 – LTI diagram

The payment of the LTI is calculated as follows:



Contribution to the long-term development of the Company

The long-term variable remuneration (LTI) is intended to encourage the members of the Management Board to act in the interests of the sustainable and long-term development of Cherry SE. The link to the development of the share price fosters a stronger connection between shareholder interests and the promotion of Cherry's long-term growth. The variable remuneration component within the LTI also depends on Cherry's success in the context of its long-term strategy and is therefore geared to the long-term development of the Cherry Group. The relative Total Shareholder Return is an external performance criterion geared to the capital market and therefore promotes the congruence of interests between management and shareholders. Taking into account the share price performance compared with a peer group (SDAX) also creates an incentive to compete in the long term and outperform the peer group. Adjusted EBITDA reflects the Cherry Group's operating profitability and thus helps to promote its business strategy.

Number of conditionally granted performance shares and determination of targets

With effect from January 1, 2023 (CEO and COO) and April 15, 2023 (CFO), the members of the Management Board were granted an entitlement to receive multi-year variable share-based remuneration. At the beginning of the three-year performance period, the Management Board members receive a number of conditionally allocated performance shares equal to the contractually agreed target amount. The conversion into performance shares is generally based on the average price of Cherry shares during the last 60 trading days prior to the beginning of the four-year term. The average share price relevant for the LTI 2023 was EUR 6.22. The number of performance shares conditionally granted to the individual Management Board members under the LTI in the year under report for the periods from January 1, 2023 and April 15, 2023 to December 31, 2023 is shown in the following table.

Table 7 – LTI target amounts of conditionally granted performance shares

	2022			2023		
Management Board	Target amount (in EUR)	Share price (in EUR)	Number of conditionally allocated performance shares 2022	Target amount (in EUR)	Share price (in EUR)	Number of conditionally allocated performance shares 2023
Oliver Kaltner	-	-	-	498,000	6.22	80,064
Dr. Mathias Dähn*	-	-	-	194,438	6.22	31,260
Dr. Udo Streller**	78,750	27.98	2,815	105,000	6.22	16,881

*Time-apportioned as of April 15, 2023

**Time-apportioned as of April 1, 2022

LTI EBITDA target

Target achievement of the Group's adjusted EBITDA is calculated by comparing the Group's average adjusted EBITDA over the three-year performance period with a target value set by the Supervisory Board prior to approval. To measure target achievement, the adjusted EBITDA actually achieved according to the relevant approved consolidated financial statements of Cherry SE is compared with the target value for the respective fiscal year. The Supervisory Board takes into account adjustments to EBITDA to an appropriate extent due, for example, to M&A activities, capital market measures, the conversion of the AG into an SE, and other non-recurring special costs. Target achievement for the LTI EBITDA target is calculated as the average of the LTI EBITDA target achievements during the respective performance period.

As the performance period for the LTI tranche for 2023 does not end until December 31, 2025 and will not be paid out until after the lock-up period (December 31, 2026), the Management Board members did not receive any payments under the LTI in the 2023 fiscal year. The achievement of the LTI tranche for 2023 will be assessed at the end of the performance period, which ends on December 31, 2025.

The following applies when determining the target and threshold values: If the target achievement for the LTI EBITDA target is below 85% of the target value for the year, the LTI EBITDA target achievement is "0" and the Management Board member will not receive any final performance shares for the LTI EBITDA target. If the target achievement for the LTI EBITDA target reaches 85% of the target value, the LTI EBITDA target achievement is 50% (**lower threshold value**). If the target achievement for the LTI EBITDA target reaches 100% of the target value, the LTI EBITDA target achievement is 100%. If the target achievement for the LTI EBITDA target reaches 150% of the target value or greater, the LTI EBITDA target achievement is 150% (**upper threshold value**). If the LTI EBITDA target achievement lies between the above-mentioned percentages, the LTI EBITDA target achievement is calculated on a linear basis. The maximum target achievement is capped at 150% for the LTI EBITDA target.

The bonus curve of the LTI EBITDA target is structured according to the following diagram:

Table 8 – LTI EBITDA bonus curve

The target value for the LTI EBITDA target is set by the Supervisory Board prior to or at the beginning of the respective LTI tranche for each of the three fiscal years of an LTI performance period and is based on the budget planning for the Cherry Group. For the 2023 fiscal year, the target value for the LTI EBITDA target was set at EUR 18.2 million. The actual figure achieved in the 2023 fiscal year was EUR 2.25 million, resulting in a target achievement of 12.36% for the 2023 fiscal year, which is below the required threshold of 85%.

rTSR target

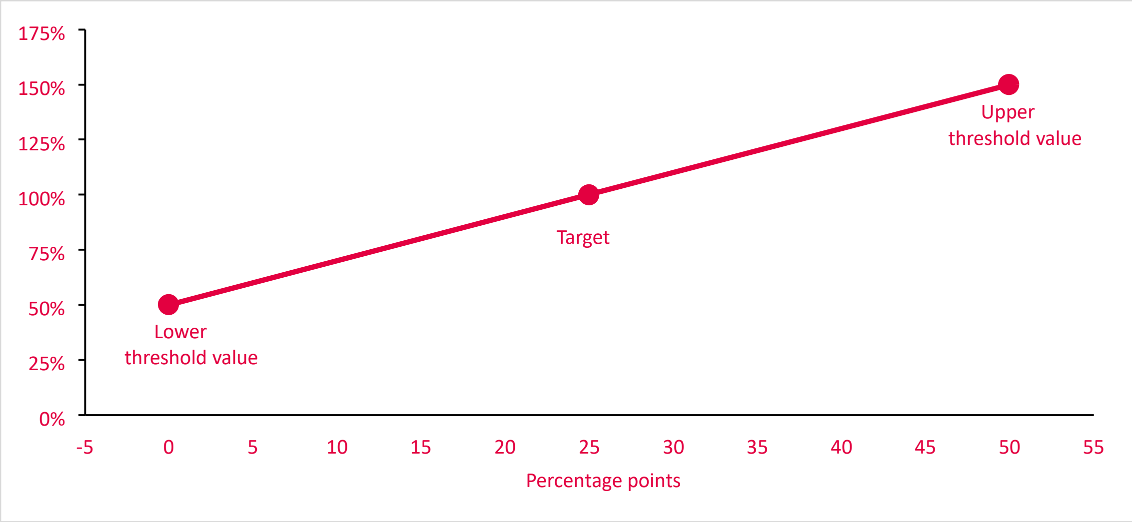
The rTSR is calculated from the development of the share performance of the Company's share (**Cherry share**) in relation to the development of the SDAX. The rTSR for the respective LTI performance period is the difference between the TSR (Total Shareholder Return) value of the Cherry share and the TSR value of the SDAX according to the following formula:

rTSR = TSR of Cherry share – TSR of SDAX

The following applies when determining the target and threshold values: If the difference between the TSR of the Cherry share and the TSR of the SDAX is less than 0 percentage points (i.e. negative), the rTSR target achievement is "0%" and the Management Board member will not receive any final performance shares in conjunction with the rTSR (relative Total Shareholder Return) target. If the difference between the TSR of the Cherry share and the TSR of the SDAX equals 0 percentage points, the rTSR target achievement is 50% (**lower threshold value**). If the difference between the TSR of the Cherry share and the TSR of the SDAX equals 25 percentage points, the rTSR target achievement is 100% (**target value**). If the difference between the TSR of the Cherry share and the TSR of the SDAX equals 50 percentage points or more, the rTSR target achievement is 150% (**upper threshold value**). If the TSR target achievement lies between the above-mentioned percentages, the rTSR target achievement is calculated on a linear basis. However, the rTSR target achievement cannot exceed 150% of the starting performance shares related to the rTSR target under any circumstances.

The bonus curve of the rTSR target is structured according to the following diagram:

Table 9 – rTSR target bonus curve



As the initial performance period in 2023 does not end until December 31, 2025, the Management Board members did not receive any payments under the LTI for the 2023 fiscal year and therefore did not receive any remuneration granted or owed under the LTI in 2023 pursuant to Section 162 (1) AktG.

Share retention program

In order to align the interests of the members of the Management Board of the Company even more closely with those of the shareholders over and above the variable remuneration, members of the Management Board are required to retain shares in the Company (share retention program). For the duration of their Management Board service contracts, each member of the Management Board is required to purchase and retain Cherry shares equivalent to at least 200% (CEO and CFO) of their annual basic remuneration until the end of the share accumulation phase. The COO is required to purchase and retain Cherry shares equivalent to 150% of his annual basic remuneration until the end of the share accumulation phase. As of December 31, 2023, the members of the Management Board did not violate the rules regarding the share retention program.

The retained shares are to be accumulated within four years of the beginning of the Management Board service contract. The Management Board member is required to spend a total amount corresponding to the relevant equivalent value as the purchase price for the Cherry shares acquired by him in each case. Any Cherry shares already held by the Management Board member are thereby taken into account.

Each Management Board member is required to regularly provide Cherry SE with suitable evidence of the shares currently held at the end of each six-month financial reporting period for the duration of the Management Board service contract and immediately prior to the due date of the respective LTI payout.

Compliance with maximum remuneration

Pursuant to Section 87a (1) sentence 2 no. 2 AktG, the service contracts of the current members of the Management Board stipulate a maximum annual remuneration of EUR 3.5 million for the Chairman of the Management Board, EUR 2.75 million for the CFO, and EUR 1.25 million for the COO. However, the maximum remuneration can only be reviewed retrospectively once the payment of the LTI tranche issued for the respective fiscal year has been made. As one of the incumbent members of the Management Board received an LTI tranche with a three-year term in the prior year and the other two members of the Management Board received an LTI tranche with a three year term in the current year under report, compliance with the maximum remuneration as defined in Section 162 (1) sentence 2 no. 7 AktG can only be reported on for the first time in the Remuneration Report for the 2025 and 2026 fiscal years.

Malus and clawback clauses

Under certain circumstances, the Supervisory Board has the option to withhold remuneration not yet paid out from the variable remuneration components ("**malus**") or reclaim remuneration already paid out from the variable remuneration components ("**clawback**").

No variable remuneration components were either withheld or clawed back in the 2023 fiscal year.

Third-party benefits

No benefits were either pledged or awarded by a third party to the incumbent members of the Management Board during the 2023 fiscal year with regard to their activities as members of the Management Board.

Change of control

No specific provisions exist in the event of a change of control.

Remuneration granted and owed to members of the Management Board pursuant to Section 162 (1) sentence 1 AktG

During the 2023 fiscal year, the members of the Management Board were granted remuneration for the period from January 1, 2023 to December 31, 2023 (with the exception of the Management Board member who most recently joined). The following tables show the remuneration granted and owed to the individual members of the Management Board in the 2023 fiscal year pursuant to Section 162 (1) sentence 1 AktG. This represents the total amount of remuneration granted in the 2023 fiscal year (basic remuneration, fringe benefits, variable remuneration related to a single year, and pension expense).

Remuneration is deemed to have been granted as defined in Section 162 (1) sentence 1 AktG once it is actually received by the member of the executive body and is thus transferred to his/her assets, irrespective of whether the payment is made to meet an obligation or for no legal reason. In the following table, remuneration is also deemed to have been granted as defined in Section 162 (1) sentence 1 AktG if the underlying one-year or multi-year activity is completed by the end of the fiscal year and the remuneration will not be transferred to the recipient's account until the beginning of the next fiscal year. The amounts disclosed from the STI correspond to the entitlements earned for the fiscal year 2023, as the underlying performance was fully rendered by the end of the fiscal year on December 31, 2023, and the STI was therefore fully earned (performance period: January 2023 to December 2023, payment expected in April 2024). The bonus (STI) for the 2023 fiscal year is therefore regarded as remuneration granted as defined in Section 162 (1) sentence 1 AktG. For the LTI 2023, this applies mutatis mutandis: the underlying performance will not be fully rendered until the end of the fiscal year on December 31, 2025 and the LTI 2023 will therefore only be fully earned in 2025 (performance period: from January/April 2023 to December 2025, payment expected in June 2027). The LTI 2023 for the 2023 fiscal year is therefore not disclosed in this Remuneration Report, but for the first time in the Remuneration Report 2026 as remuneration granted in the 2025 fiscal year as defined in Section 162 (1) sentence 1 AktG.

The following table shows the remuneration granted and owed to the members of the Management Board who were active in the 2023 and 2022 fiscal years pursuant to Section 162 (1) sentence 1 AktG. These are the remuneration components that were either actually paid to the individual Management Board members within the period under report ("granted") or were already legally due in the period under report, but not yet paid ("owed").

Table 10 – overview of remuneration granted and owed pursuant to Section 162 AktG

Oliver Kaltner	2022		2023	
(Management Board member since Jan. 1, 2023)	(in EUR)	(in %)	(in EUR)	(in %)
Basic remuneration	/	/	415,000	46.8
Signing bonus	/	/	350,000	39.5
Fringe benefits	/	/	18,000	2.0
Social insurance	/	/	5,513	0.6
Total	**/**	**/**	**788,513**	**88.9**
Short-term variable remuneration (STI)	/	/	98,355	11.1
Long-term variable remuneration (LTI)	/	/	/	/
Total	**/**	**/**	**98,355**	**11.1**
Pension expense	/	/	/	/
Total remuneration	**/**	**/**	**886,868**	**100.0**

Dr. Mathias Dähn*	2022	2023

(Management Board member since April 15, 2023)	(in EUR)	(in %)	(in EUR)	(in %)
Basic remuneration	/	/	216,041	88.4
Fringe benefits	/	/	4,370	1.8
Social insurance	/	/	4,470	1.8
Total	**/**	**/**	**224,881**	**92.0**
Short-term variable remuneration (STI)	/	/	19,444	8.0
Long-term variable remuneration (LTI)	/	/	/	/
Total	**/**	**/**	**19,444**	**8.0**
Pension expense	/	/	/	/
Total remuneration	**/**	**/**	**244,325**	**100.0**

Dr. Udo Streller (Management Board member since April 1, 2022)	2022 (in EUR)	(in %)	2023 (in EUR)	(in %)
Basic remuneration	213,750	81.6	285,000	81.2
Fringe benefits	24,968	9.4	18,000	5.1
Social insurance	/	/	15,468	4.4
Total	**238,448**	**91.0**	**318,468**	**90.7**
Short-term variable remuneration (STI)	22,950	8.8	25,650	7.3
Long-term variable remuneration (LTI)***	/	/	/	/
Total	**22,950**	**8.8**	**25,650**	**7.3**
Pension expense	400	0.2	6,662	1.9
Total remuneration	**261,798**	**100.0**	**350,780**	**100.0**

Bernd Wagner** (Jan. 1, 2023–Mar. 31, 2023)	2022 (in EUR)	(in %)	2023 (in EUR)	(in %)
Basic remuneration	303,600	78.7	75,900	7.1
Fringe benefits	32,978	8.5	4,626	0.4
Social insurance	/	/	3,787	0.3
Total	**336,578**	**87.2**	**84,314**	**7.9**
Short-term variable remuneration (STI)	42,806	11.1	/	/
Long-term variable remuneration (LTI)***	/	/	/	/
Total	**42,806**	**11.1**	**/**	**/**
Pension expense	3,816	1.2	1,408	0.1
Severance payment	/	/	971,520	91.1
Vacation pay	/	/	8,757	0.8

Total remuneration	**331,206**	**100.0**	**1,066,000**	**100.0**

*In 2023 time-apportioned as of April 2023

**In 2023 time-apportioned until March 2023

***LTI in 2022 and 2023 are recorded as a personnel expense provision, but there is not yet any entitlement to it.

Supervisory Board remuneration 2023

Structure of Supervisory Board remuneration

The remuneration of the members of the Supervisory Board is governed by Article 15 of the Company's Articles of Incorporation.

The remuneration of the members of the Supervisory Board comprises a fixed amount of EUR 45,000. In addition, Cherry SE reimburses the members of the Supervisory Board for necessary expenses incurred in the performance of their duties and for the value-added tax they are legally required to pay. Furthermore, the members of the Supervisory Board are included in a financial loss liability insurance policy for members of executive bodies (directors' and officers' liability insurance) maintained by the Company at an appropriate level in the interests of the Company, insofar as such a policy exists. In compliance with Recommendation G.17 of the GCGC, the greater time commitment of the Chairman and the Deputy Chairman of the Supervisory Board as well as the chairpersons and members of committees is appropriately taken into account. The Chairman of the Supervisory Board receives a fixed remuneration of EUR 90,000 and the Deputy Chairman a fixed basic remuneration of EUR 67,500 for the respective fiscal year.

For their work on the Audit Committee of the Supervisory Board, the Chairman of the Audit Committee receives EUR 25,000 and each further member of the Audit Committee receives EUR 12,500 for the respective fiscal year. The Chairman of the Nomination Committee and the Chairman of the Personnel and Remuneration Committee each receive an additional annual fixed remuneration of EUR 15,000. Each member of the Supervisory Board who is also a member of the Personnel and Remuneration Committee or the Nomination Committee without being Chairperson receives an additional fixed annual remuneration of EUR 7,500.

The annual remuneration is payable at the end of each fiscal year and falls due for payment within the first six weeks of the following fiscal year. Members of the first Supervisory Board and any members who join the Supervisory Board, a committee, commence a specific function, or leave the Supervisory Board, a committee, or a specific function during the current fiscal year are entitled to receive one twelfth of the relevant annual remuneration component for each month or part thereof of their membership or the performance of their function.

The Supervisory Board's remuneration for the 2023 fiscal year was paid in February 2024.

Pursuant to Section 113 (3) AktG, a resolution on the remuneration of the members of the supervisory boards of listed companies must be approved by the Annual General Meeting at least every four years. The most recent resolution on the remuneration of the members of the Supervisory Board was approved by the Annual General Meeting of the Company on June 8, 2022.

Remuneration granted and owed to members of the Supervisory Board pursuant to Section 162 (1) sentence 1 AktG

The remuneration for the individual members of the Supervisory Board of Cherry SE pursuant to Section 162 (1) sentence 1 AktG for the 2023 fiscal year is presented below, whereby the remuneration of the Supervisory Board members included therein reflects the "remuneration granted and owed" pursuant to Section 162 (1) sentence 1 AktG as defined above in the section "Remuneration granted and owed to members of the Management Board pursuant to Section 162 (1) sentence 1 AktG”.

Table 11 – Remuneration granted and owed to members of the Supervisory Board pursuant to Section 162 (1) sentence 1 AktG

Name	Function	Committee chair	Remuneration in previous year 2022	Basic remuneration 2023	Basic remuneration	Nomination Committee	Personnel and Remuneration Committee	Audit Committee	Remuneration Committee	Total remuneration 2023
			(EUR)	(EUR)	in %	(EUR)	(EUR)	(EUR)	in %	**(EUR)**
Marcel Stolk	Chairman		90,000	90,000	92%		7,500		8%	**97,500**
James Burns	Deputy Chairman	X	92,500	67,500	73%			25,000	27%	**92,500**
Joachim Coers	Member		52,500	45,000	69%		7,500	12,500	31%	**65,000**
Steven Greenberg	Member	X	60,000	45,000	75%	15,000			25%	**60,000**
Heather Faust	Member	X	72,500	45,000	62%		15,000	12,500	38%	**72,500**
Dino Sawaya	Member		65,000	45,000	69%	7,500		12,500	31%	**65,000**
Charlotte Hovmand Johs	Member		0	30,000	86%	4,375	625		14%	**35,000**
Total			**492,500**	**367,500**	**75%**	**26,875**	**30,625**	**62,500**	**25%**	**487,500**

*In 2023 time-apportioned as of May 2023

In 2023, the Supervisory Board received its entitlements to the fixed remuneration from the first of the month of the 2023 fiscal year. The Supervisory Board members also received remuneration for their participation in committees for the entire 2023 fiscal year.

The Remuneration Report has been formally reviewed by the independent auditor and is to be approved by the shareholders at the next AGM.

The Remuneration Report will be available on the Company's website for a period of 10 years. Any personal data contained in the Remuneration Report will be deleted after 10 years at the latest.

Comparative presentation of earnings performance

Pursuant to Section 162 (1) sentence 2 no. 2 AktG (in conjunction with Section 26j (2) sentence 2 EGAktG), the following table shows the earnings performance of Cherry SE over the last four fiscal years, i.e. since the 2020 fiscal year.

The earnings performance is presented using the Group key performance indicator EBITDA from the IFRS consolidated financial statements of Cherry SE, which is fundamental to remuneration.

Table 12: Earnings performance

MEUR	Jan. 1–Dec. 31, 2020	Jan. 1–Dec. 31, 2021	Change in %	Jan. 1–Dec. 31, 2022	Change in %	Jan. 1–Dec. 31, 2023	Change in %
EBITDA	35.3	42.8	0.2	12.2	-0.7	-10.1	-1.8
Net profit	17.5	9.3	-0.5	-35.7	-4.8	-25.3	-0.3