

ANNUAL REPORT

# AR/2023



**CHERRY** 



## KEY GROUP FIGURES (IFRS)

€ million / as reported

	Jan. 1–Dec. 31, 2023	Jan. 1–Dec. 31, 2022	Change
<b>Revenue</b>	126.5	132.5	-4.6%
thereof GAMING & OFFICE PERIPHERALS	92.6	77.8	19.0%
thereof DIGITAL HEALTH & SOLUTIONS	23.0	33.1	-30.4%
thereof COMPONENTS	10.9	21.6	-49.8%
Gross profit	2.7	36.9	-92.7%
Gross profit margin	2.1%	27.8%	-25.7 pp
EBITDA	-10.3	12.2	-184.0%
EBITDA (adjusted) <sup>1</sup>	2.1	15.2	-86.4%
EBITDA margin	-8.1%	9.2%	-17.3 pp
EBITDA margin (adjusted) <sup>1</sup>	1.6%	11.5%	-9.9 pp
EBIT	-131.1	-36.5	259.3%
EBIT (adjusted) <sup>1</sup>	-13.3	-33.5	-60.4%
Group net loss	-126.9	-35.7	255.2%
Earnings per share (in €)	-5.45	-1.49	265.8%
Cash flows from operating activities	-27.9	5.8	-583.2%
Cash flows from investing activities	-10.8	-11.3	-4.4%
Free cash flow	-38.7	-5.5	598.4%

€ million / as reported

	Dec. 31, 2023	Dec. 31, 2022	Change
Total assets	238.6	379.1	-37.1%
Cash and cash equivalents	46.1	92.8	-50.3%
Net working capital <sup>2</sup>	55.9	40.9	36.7%
Equity	122.1	251.8	-51.5%
Equity ratio	51.2%	66.4%	-15.2 pp
Net cash I (+) / net debt I (-) <sup>3</sup>	0.9	47.6	-98.1%
Net cash II (+) / net debt II (-) <sup>4</sup>	-19.7	29.9	-165.9%
Employees <sup>5</sup>	476	490	-2.9%
Employees (FTEs)	444	457	-2.8%

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 shares	1,110,284
Stock exchange and segment	Prime Standard / regulated market FWB
Designated sponsor	Hauck Aufhäuser Lampe Privatbank AG
Xetra closing price as of December 31, 2023	€3.19
Market capitalization as of December 31, 2023	€77.5 million

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

2 Balance of current assets (excluding cash and cash equivalents) and current liabilities (excluding financial debt)

3 Liabilities to banks less cash and cash equivalents

4 Liabilities to banks, current and non-current lease liabilities and pension provisions less cash and cash equivalents

5 Total sum of all employees less Management Board members, trainees, interns, and temporary staff



# Content

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3	To our shareholders
20	Combined Management Report
67	Consolidated Financial Statements
130	Annual Financial Statements
153	Other disclosures



## FOREWORD BY THE MANAGEMENT BOARD

### DEAR SHAREHOLDERS,

The 2023 fiscal year and the associated performance of Cherry SE's share price fell well short of our expectations. Certainly, the past year was marked by a series of macroeconomic crises that led to deteriorating conditions for Cherry. On the consumer side, the stubbornly high level of inflation put disposable incomes under pressure and therefore held down demand for consumer electronics and information technologies in general. The energy and raw materials price hikes of the previous year continued to impact every link in the economic value chain and were reflected in higher prices for our products, causing many consumers to respond with a marked reluctance to spend. At the same time, companies attempted to reduce their inventory levels by offering considerable price discounts. Moreover, geopolitical conflicts such as Russia's ongoing war of aggression against Ukraine and the outbreak of war in the Middle East in the last quarter of the year unsettled manufacturers, investors, and consumers

**In its year of transformation, Cherry faced up to its challenges by taking a number of fundamental strategic decisions and initiating a range of operational measures.**



Oliver Kaltner (CEO)



Dr. Mathias Dähn (CFO)



Dr. Udo Streller (COO)

alike. While revenue came under sustained pressure, the cost of materials, energy, and logistics continued to rise and it was no longer possible to fully utilize production capacities. Essentially, we are looking both inwards and at ourselves in order to self-critically analyze what we need to do better and more efficiently in 2024 to make up for lost ground in the market and improve the way you perceive us.

However, with Group revenue of EUR 126.5 million and an adjusted EBITDA margin of 1.6% we fell well short of our own targets and expectations. This delay in our growth plans has been reflected accordingly in the long-term planning for the Cherry Group. As a result,

additional impairment losses on intangible and tangible assets amounting to EUR 96.0 million were identified in the course of the impairment test required at the year-end. In particular, the high level of intangible assets reported in the statement of financial position stem from earlier transactions that were based on growth plans that no longer correspond to the transformation strategy initiated in 2023. With these impairment losses, Cherry is now finally moving away from historical planning assumptions and fully aligning itself with new strategic plans. These necessary impairment losses are cash-neutral and have no impact on Cherry's liquidity situation.



The major relevance of our high-value product portfolio for office and gaming applications is already ensuring sustained growth in our core markets as part of our internationalization strategy.

In its year of transformation, Cherry faced up to its challenges by taking a number of fundamental strategic decisions and initiating a range of operational measures. The Cherry SE Management Board has set itself the task of fundamentally improving structures and processes as well as earnings and cash management. Following a thorough analysis, we have reviewed our internal processes and structures, for example in sales management and financial planning, with the aim of improving both our competitiveness and our forecasting capability. We have optimized our organizational structure to meet strict quality requirements in terms of operations, the supply chain, inventory management, ESG aspects, technology, and engineering and both streamlined and updated our product portfolio. Ensuring operational excellence across the Group was already a key point of focus in the 2023 fiscal year.

We defined our objective as a significant improvement across all business units in order to position Cherry for new growth markets and thus guide the entire enterprise back to the path of expansion. The managerial work involved can be best described as fundamentally necessary and intensive.

In the fourth quarter we took rigorous, effective countermeasures relating to the keyboard switch line of business.

In order to further optimize the management of the business and as a clearly visible sign of our diligently restructured and forward-thinking approach, we have switched to a market-oriented system of segmentation. In the first half of the year, we integrated the e-sports specialist Xtrfy, which was acquired in January 2023, and merged the previously separate business units Gaming Devices and Office Peripherals. In the second six-month period, we strategically restructured the Components business unit. In this Annual Report, we present for the first time the three newly defined segments GAMING & OFFICE PERIPHERALS, DIGITAL HEALTH & SOLUTIONS, and COMPONENTS, according to which we manage and assess the profitability of the Cherry Group. We aim to broaden our customer base and continue moving forward with our strategy of internationalization. In an unchanged challenging market environment, the respective segments performed very differently during the year under report. In 2023, the huge global trends of gaming, e-sports, mobile and hybrid working, and digital healthcare remained the basic framework of reference.

## GAMING & OFFICE PERIPHERALS

In the GAMING & OFFICE PERIPHERALS segment, we recorded double-digit revenue growth year on year. The major relevance of our high-value product portfolio for office and gaming applications is already ensuring sustained growth in our core markets as part of our internationalization strategy.

The Office Peripherals business unit initially continued to grow dynamically, although demand fell short of expectations in the fourth quarter. The key to the positive overall performance was the attractive product portfolio, growing internationalization, and the successful expansion of our e-commerce activities. With the CHERRY KW 7100 MINI BT keyboard we are catering to the needs of the fast-growing “ready for use anywhere” market with a focus on flexibility for mobile working.

Based on the completed integration of Xtrfy, we expanded the Gaming Devices business unit internationally with our new premium brand CHERRY XTRFY.

The unique, hygiene-oriented product portfolio of our “Active Key” sub-brand has met with a great deal of interest, particularly in the USA.



We were able to place new, innovative products such as the CHERRY XTRFY K5V2 as the first gaming keyboard with CHERRY MX2A keys. As of April 2023, the focused restructuring of the gaming portfolio in Western markets was carried out under the heading “Gaming Goes Global”. Strategic partnerships, collaborations, and sponsorship agreements with leading e-sports teams such as “SK Gaming” and “Team Vitality” are strengthening positive brand awareness and extending our market reach.

## DIGITAL HEALTH & SOLUTIONS

The growing momentum in the digitalization of the German healthcare system was insufficient to enable us to fully meet our expectations in the DIGITAL HEALTH & SOLUTIONS segment. With our e-health terminals and the Gematik-approved PIN pads, in 2023 we were well positioned in terms of technology, innovation, and pricing for upcoming legislative projects such as the introduction of the e-prescription. In Germany, however, the procurement of new card terminals by medical service providers stalled due to the change in funding for pharmacies and doctors’ surgeries provided by public health insurance funds. The regional uptake depends on the e-prescriptions that are issued locally. Going forward, pharmacies will be equipping every face-to-face sales counter with e-health terminals to ensure that processing remains efficient. On a self-critical note, it should be pointed out that in the past fiscal year we expected the market to become more dynamic at a far earlier stage, but this did not finally happen until November 2023.

We have ramped up the internationalization of our business with hygienic peripherals. The unique, hygiene-oriented product portfolio of our “Active Key” sub-brand has met with a great deal of interest, particularly in the USA.

In the medium term, however, the comprehensive digitalization of the healthcare sector will lead to a widespread saturation of the market for hardware components. Future opportunities lie in an expanded business model featuring “Software as a Service” and cloud-based solutions. Our current hardware and software products put us in an excellent position to expand the market growth driven by digitalization with an extended portfolio for healthcare systems and security applications as part of a digital ecosystem.

## COMPONENTS

In its existing form, traditional components business was no longer competitive in terms of personnel, location, logistics, and costs. The negative results from the COMPONENTS segment were only offset by the profitability of the other segments. Business with first-generation MX switches (Cherry MX1) proved to be no longer competitive. In 2023, the situation called for a major correction to the previous course of business by means of a comprehensive, rapid, and at the same time impactful management approach.

In a bid to restore competitiveness and profitability, in the fourth quarter Cherry introduced a package of measures designed to substantially reposition the

COMPONENTS segment along the entire value chain. As part of the ongoing Operational Excellence program, global structures were created while reducing the number of Group companies and scaling back jobs in a socially responsible manner. The main measure consisted of expanding Cherry’s own sites in Auerbach (Germany) and Zhuhai (China) to form global innovation centers, thereby underlining our commitment to market relevance, innovation leadership, product quality, volume solutions at every scale, pricing expertise, and profitability. The restructuring measures are intended to cut costs and potentially boost earnings in the region of EUR 10 to 15 million per annum.



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We can already see that the increased capacity of MX switch production in China is being implemented faster than initially expected. Building on the new MX2 generation of switches as the gold standard for mechanical switches and the ultra-flat ULP switches that are suitable for notebooks, the aim is to continue leading the market in terms of innovation and quality. As a mile-



We are focusing on the further evolution of our business model with the aim of increasing operating profitability again and optimizing our capital allocation.

stone in the implementation of our highly focused OEM strategy, we were able to conclude a general agreement with Medion AG that covers our entire portfolio of MX switches. In this context, we jointly developed a gaming keyboard for the ERAZER range of gaming products.

## OTHER MATTERS

In 2023, the Cherry Group established a Legal department to handle the most important legal matters internally and at the same time significantly reduce external legal costs. We are already seeing significant added value in this respect, particularly in terms of protecting our patents and intellectual property (IP) as well as in the structuring of various partner agreements across all business units. We have dedicated ourselves specifically and successfully to creating a modern, diverse, management structure.

In 2023, we launched an international “Culture Program” which, initiated by the Management Board, involves all Group managers and will have a lasting positive impact on the entire organization. The aim is to give Cherry SE a new culturally robust framework that combines modernity with sustainability and thus offers both current and future employees a highly attractive company.

## OUTLOOK FOR THE 2024 FISCAL YEAR

In the course of the 2024 fiscal year, we expect the implementation of the restructuring, cost-cutting, and transformation measures already initiated to bring about an improvement in the Cherry Group’s financial situation. The Management Board expects Group revenue to be in the region of EUR 140 to 150 million and the adjusted EBITDA margin within the range of 7% to 8%. That means growth of around 11% to 19% in terms of Group revenue and around 5 to 6 percentage points compared with the adjusted EBITDA margin recorded in 2023.

The Management Board remains firmly committed to achieving the target of an adjusted EBITDA margin of at least 20% in the medium term. The recovering momentum in terms of revenue driven by innovation and market relevance as well as the perceptible effects of comprehensive cost management should enable us to achieve our profitability target within the next two to four years. We see focused internationalization and systematic digitalization as growth drivers – underpinned by strict cost and cash management – as well as

stringent process management from planning to implementation and reporting. To achieve this aim, we are pursuing a profitable course of organic growth across all our operating segments and thus for the entire Cherry Group. In the medium term, we also see opportunities for inorganic growth in strategic future-oriented fields. We are focusing on the further evolution of our business model with the aim of increasing operating profitability again and optimizing our capital allocation. We view 2024 as a year of revitalization for Cherry SE.

For both the COMPONENTS and the GAMING & OFFICE PERIPHERALS segments, the dynamic spread of e-sports activities and the ongoing mobile and hybrid working trend remain key drivers worldwide. The focus is on innovative, high-quality products and services that are rigorously geared towards the changing needs of our customers. In the COMPONENTS segment, we intend to return to the path of revenue growth through market-compliant technology and price points for the MX2 and ULP generations of switches. A renewed improvement in the utilization of our production capacities will also help drive our return to profitability. In our largest operating segment, GAMING & OFFICE PERIPHERALS, we intend to further consolidate our sales approach in the core European countries. Apart from the German-speaking region, we are also focusing on France, the UK, the Netherlands, and Spain. We also plan to gradually expand our office and gaming activities in the USA, Canada, and China. We are safeguarding our profitability through multi-level sales partnerships.



Our comprehensive hardware, software, and cloud offering not only puts us in a position to continue supplying the market, but above all to actively shape it.

In addition, we see major growth opportunities for digital e-health applications in the DIGITAL HEALTH & SOLUTIONS segment. Here we expect to see strong impetus generated by both the e-prescription (which, according to Gematik GmbH, was already redeemed more than 52 million times in the first quarter 2024) and the electronic patient record (which is to be made legally binding for all publicly insured persons as of January 1, 2025). This considerable potential is also

reflected in the latest cooperation between our subsidiary Cherry Digital Health GmbH and DoctorBox, the super-app for health, which are jointly preparing a purely digital e-prescription and an SaaS solution for the healthcare market. The DoctorBox software developments to be provided will enrich Cherry SE's IP portfolio. Moreover, demand remains unbroken for hygiene-related products in the medical sector, particularly hygienic keyboards and mice from our specialist supplier Active Key. Our comprehensive hardware, software, and cloud offering not only puts us in a position to continue supplying the market, but above all to actively shape it.

In its corporate news dated February 27, 2024, Cherry SE announced its intention to issue forecasts for each individual quarter of 2024 for the first time this year.

This measure will serve to increase the required transparency and orientation towards investors and the capital market.

As a brand, CHERRY is synonymous with quality, design, innovation, sustainability, and relevance. CHERRY products provide our customers and users alike with professional access to the digital world. The combination of hardware, software, and cloud-based services promises growing business potential for the years to come. With our e-health terminals and PIN pads, we are also well positioned for the upcoming digitalization of the healthcare system.

We would like to take this opportunity to thank all our business partners and shareholders who have placed their trust in us and supported us through the necessary change processes. Special thanks go to all our employees, who are helping to shape our transformation and revitalization with their dedicated efforts.

Munich, May 29, 2024

Oliver Kaltner  
CEO

Dr. Mathias Dähn  
CFO

Dr. Udo Streller  
COO





# REPORT OF THE SUPERVISORY BOARD

## DEAR SHAREHOLDERS,

In the 2023 fiscal year, Cherry SE was confronted with some extremely difficult market conditions, which called for some fundamental strategic decision-making and operational measures to tackle 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, at Group level adverse developments also had to be taken into account, counteracted, and transformational processes set in motion.

In all three segments, GAMING & OFFICE PERIPHERALS, DIGITAL HEALTH & SOLUTIONS, and COMPONENTS, specific measures needed to be taken to boost profitability in the second half of the year. 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, including 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 duly 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 developing the respective markets.

On behalf of the Supervisory Board, I would like to thank the members of the Management Board and the entire workforce of Cherry SE and its subsidiaries for their outstanding work under the ongoing challenging conditions and their passionate commitment to Cherry's exciting new initiatives in 2024.

Below you will find the Report of the Supervisory Board on its activities and those of its committees in the 2023 fiscal year.

## COMPOSITION OF THE SUPERVISORY BOARD

In the 2023 fiscal year, the Supervisory Board of Cherry SE comprised Marcel Stolk (Chairman and member of the Personnel and Remuneration Committee), James Burns (Deputy Chairman and Chairman of the Audit Committee), Joachim Coers (member of the Audit Committee, member of the Personnel and Remuneration Committee), Heather Faust (Chairwoman of the



Marcel Stolk, Chairman of the Supervisory Board

Personnel and Remuneration 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 Remuneration 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 Remuneration Committee). Joachim Coers resigned from his position at the end of December 31, 2023.

All current members of the Supervisory Board of Cherry SE were elected at the Annual General Meeting



held on May 17, 2023. Marcel Stolk, James Burns, and Heather Faust were elected for a term of office up to the end of the Annual General Meeting at which the acts of the Management Board members are ratified for the 2025 fiscal year, Charlotte Hovmand Johs for a term of office up to the end of the Annual General Meeting at which the acts of the Management Board members are ratified for the 2024 fiscal year, and Steven M. Greenberg and Dino Sawaya for a term of office up to the end of the Annual General Meeting at which the acts of the Management Board members are ratified for the 2023 fiscal year.

Following the Annual General Meeting held on May 17, 2023, the Supervisory Board of Cherry SE was reconstituted on June 6, 2023 and confirmed Marcel Stolk as Chairman and James Burns as Deputy Chairman of the Supervisory Board. Since then, the Audit Committee and the Personnel and Remuneration Committee have each comprised four members. The Nomination Committee generally comprises two members, but was temporarily expanded to five members by resolution of the Supervisory Board in October 2023 until the next Annual General Meeting in order to avoid any appearance of conflicts of interest. Charlotte Hovmand Johs, Joachim Coers, and Heather Faust were elected as temporary members of the Nomination Committee. The Supervisory Board has ensured that both the Audit Committee and the Personnel and Remuneration Committee consist of a majority of independent members of the Supervisory Board, thereby taking into account the expectations of institutional investors in particular and the requirements of contemporary corporate governance.

## CONSULTATION AND MONITORING

The Supervisory Board duly performed the duties incumbent upon it in accordance with the statutory requirements, the Articles of Association, the rules of procedure of the Supervisory Board, and the German Corporate Governance Code. It received regular and detailed written and verbal reports on the intended business strategy, key issues relating to financial, investment, and personnel planning, the course of business, and risks and opportunities. In particular, the Supervisory Board was informed by the Management Board at regular intervals of around one month regarding the Group's current key financial figures, cost-cutting measures, the restructuring program, the M&A strategy, financial and personnel developments, and the situation of the various business units and discussed these at length with the Management Board. Moreover, the Supervisory Board reviewed the Sustainability Report for the 2023 fiscal year, which is published as a combined separate non-financial report on the Cherry website. The Management Board developed the Group strategy in close consultation with the Supervisory Board. The Supervisory Board was directly involved in all decisions of key significance and any transactions requiring its approval were submitted to the Supervisory Board by the Management Board.

## MEETINGS OF THE SUPERVISORY BOARD AND ITS COMMITTEES

The full Supervisory Board held seven formal meetings in the course of the 2023 fiscal year. Furthermore, the Supervisory Board passed eight resolutions outside of meetings by e-mail. The Audit Committee held a total of ten meetings in the 2023 fiscal year, the Personnel

and Remuneration Committee convened eight times, and the Nomination Committee three times. As deemed necessary, the Supervisory Board and its committees also met regularly without the presence of the Management Board in order to discuss matters and deliberate upon issues that concerned the Management Board or required internal discussion among the Supervisory Board members alone. These matters concerned, among other things, the independent assessment of the Audit Committee, the reporting of the monthly key performance indicators, the change of the Chief Financial Officer, the short-term incentive and long-term incentive targets of the Management Board. The outcomes of committee meetings were reported on in the subsequent meeting of the full Supervisory Board.

The Supervisory Board and its committees once again had a high participation rate of over 90% in the 2023 fiscal year.



## Overview of the form of meetings of the Supervisory Board and its committees in the 2023 fiscal year

	Full Supervisory Board	Audit Committee	Personnel and Remuneration Committee	Nomination Committee
Virtual meetings	4	10	8	3
Face-to-face meetings	3	0	0	0

## Overview of full Supervisory Board and committee meetings and individual attendance in the 2023 fiscal year

Mitglied	Full Supervisory Board	Audit Committee	Personnel and Remuneration Committee	Nomination Committee
Marcel Stolk	7 / 7	–	8 / 8	–
James Burns	7 / 7	10 / 10	–	–
Joachim Coers	6 / 7	10 / 10	5 / 8	2 / 2
Heather Faust	7 / 7	10 / 10	8 / 8	2 / 2
Steven M. Greenberg	7 / 7	–	–	3 / 3
Tariq Osman <sup>1</sup>	0 / 1	–	–	0 / 1
Dino Sawaya	7 / 7	9 / 10	–	3 / 3
Charlotte Hovmand Johs <sup>2</sup>	6 / 6	–	7 / 7	2 / 2

<sup>1</sup> Member of the Supervisory Board until May 17, 2023.

<sup>2</sup> Member of the Supervisory Board since May 17, 2023.

## FULL SUPERVISORY BOARD MEETINGS

At each of its ordinary quarterly meetings held in the 2023 fiscal year, the full Supervisory Board analyzed and discussed the Management Board's reports on the Group's business performance and strategy as well as capital market developments. The Supervisory Board also dealt with the following key issues:

At the meeting held on March 27, 2023, the Supervisory Board approved the Profit and Loss Transfer Agreement between Cherry SE and Cherry Peripherals GmbH. The Supervisory Board also dealt with the annual financial statements and the consolidated financial statements for the 2022 fiscal year, including the separate non-financial report and the combined management report for Cherry SE and the Group as of December 31, 2022, as well as the report of the Supervisory Board, the corporate governance declaration, and the remuneration report for the 2022 fiscal year. The Management Board presented its forecast for the 2023 fiscal year. The Chairman of the Audit Committee presented the results of the selection process for a new auditor, and the Chairman of the Nomination Committee presented the results of the selection of candidates for the upcoming Supervisory Board election. The Supervisory Board also dealt with the agenda and the resolutions scheduled for the Annual General Meeting held on May 17, 2023.

At its constituent meeting on June 6, 2023, the Supervisory Board passed resolutions regarding its own composition and that of its committees. The Management Board presented preliminary key financial figures for the current fiscal year to date, provided an outlook on the long-term business strategy and a status report on the Group's financial matters, and reported on opera-



tions, supply chains, and inventory management. The Supervisory Board discussed each of these issues in great detail with the Management Board. The Management Board also reported on the M&A strategy and planned projects, and the Supervisory Board voted in favor of continuing to pursue a transaction intended by the Management Board. The Management Board also reported on employee recruitment measures. The Chairman of the Audit Committee reported on the committee's deliberations. Other items on the agenda included a discussion on the impact of artificial intelligence (AI) on the business model and an update on intellectual property (IP) issues.

At the meeting held on September 12, 2023, the Management Board presented the financial figures for the year to date. The Supervisory Board discussed the financial update in detail together with the Management Board. The Supervisory Board also discussed the current situation in the components business. Other topics included the strategic business outlook for the Group's various business units, an update on the M&A strategy and planned projects as well as personnel issues. The Chairman of the Audit Committee reported on the topics discussed at the previous meeting of the Audit Committee.

At the meeting held on September 14, 2023, the Supervisory Board decided on adjusted financial performance targets for the members of the Management Board for the 2023 fiscal year.

At the meeting held on October 11, 2023, the Supervisory Board set targets for the long-term variable remuneration of members of the Management Board.

On November 3, 2023, the Supervisory Board held an extraordinary meeting to discuss the possible restructuring of the COMPONENTS segment.

At the meeting held on December 12/13, 2023, the Management Board presented the financial figures for the year to date and discussed them with the Supervisory Board. The Supervisory Board also dealt with the status of implementation of the measures resolved at the extraordinary meeting held on November 3, 2023, a new tool for corporate management and optimization, and the performance of the Group's various business units. The Supervisory Board approved the budget proposed by the Management Board for the 2024 fiscal year. The Supervisory Board also informed itself and discussed developments in work processes, M&A projects, and the establishing of an office for the General Counsel as well as legal issues relating to the Cherry Group. Other items on the agenda included the new Global Marketing & Communications department and personnel issues. The Chairman of the Audit Committee reported on the previous meeting of the Audit Committee.

Certain transactions and measures require the prior approval of the Supervisory Board due to legal requirements, the provisions of the Articles of Association, and the Management Board's rules of procedure. These transactions were presented to the Supervisory Board for approval. They included the extraordinary termination of a framework supply agreement, the appointment of managing directors in subsidiaries, and the granting of powers of attorney at the level of Cherry SE as well as at the level of subsidiaries.

## DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Supervisory Board discussed corporate governance issues, dealt with the recommendations of the German Corporate Governance Code, and adopted the joint Declaration of Compliance by the Management Board and Supervisory Board in accordance with Section 161 of the German Stock Corporation Act (AktG). The Declaration of Compliance has been made permanently available on the Cherry website in the Governance section.

## AUDIT COMMITTEE

The Audit Committee examined the annual financial statements, the consolidated financial statements, and the combined management report as well as the non-financial report for the 2022 fiscal year, the 2023 half-year report and the quarterly statements for the first and third quarters of the 2023 fiscal year. Together with the external auditor, the Audit Committee regularly reviewed and discussed the focal points and quality of the audit, as well as risks and ongoing legal disputes, the organizational skills and staffing of the team, and the approval of non-audit services. The Audit Committee also discussed the assessment of audit risk, the audit strategy, the audit planning, and the audit findings with the auditor. Furthermore, the Audit Committee consulted with the auditor without the presence of the Management Board. The Chairman of the Audit Committee regularly discussed the progress of the audit with the auditor outside of meetings and reported to the Audit Committee accordingly. Moreover, the Audit Committee dealt with financial accounting and the accounting process, the appropri-



ateness and effectiveness of the internal control system, and the Group's risk management system (including sustainability-related aspects). The Audit Committee dealt in detail with the selection of an auditor and selected two auditing firms from seven reputable auditing firms from which RSM Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, was recommended to the Supervisory Board. Another focus of the Audit Committee's work in the 2023 fiscal year was the resegmentation of the Cherry Group's business activities.

## PERSONNEL AND REMUNERATION COMMITTEE

The Personnel and Remuneration Committee reviewed the short-term and long-term remuneration components for the members of the Management Board for the 2023 fiscal year. Based on the relevant documents, the Personnel and Remuneration Committee reviewed in particular the level of target achievement for the 2022 STI tranche for the Management Board. Furthermore, the structure of the current tasks and areas of responsibility on the Management Board was examined in detail. Strategic succession planning and personnel issues regarding the composition of the Management Board and the appointment of a new member to the Management Board were also discussed. The Personnel and Remuneration Committee oversaw the induction of the new Management Board members Oliver Kaltner and Dr. Mathias Dähn, who joined the Management Board in the 2023 fiscal year, and dealt with the extension of the service contract with Management Board member Dr. Udo Streller.

## NOMINATION COMMITTEE

In accordance with the objectives for the composition of the Supervisory Board, after a thorough examination of the qualifications and expertise of potential candidates, the Nomination Committee has proposed to the Supervisory Board that Dr. Ash Saulsbury and Harald von Heynitz be nominated as new members of the Supervisory Board at the Company's Annual General Meeting in 2024.

## CONFLICTS OF INTEREST

According to recommendation E.1 of the German Corporate Governance Code, the Supervisory Board should provide information in its report to the Annual General Meeting on any conflicts of interest that arose and how they were dealt with. There were no conflicts of interest on the Supervisory Board during the 2023 fiscal year. In particular, no conflicts of interest were disclosed by any members of the Supervisory Board to the Chairman of the Supervisory Board or reported by any members of the Management Board or a third party.

## BASIC AND ADVANCED TRAINING

Cherry SE provided the members of the Supervisory Board with suitable training on corporate governance issues and the duties and competencies of the Supervisory Board. Furthermore, in January 2024, the Supervisory Board members took part in an external training session on current topics relating to a listed SE from the perspective of stock corporation and capital market law.

## AUDIT AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

At the Annual General Meeting held on May 17, 2023, RSM Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, was elected as auditor and Group auditor for the 2023 fiscal year. The subjects of the audit were the annual and consolidated financial statements and the combined management report of Cherry SE and the Group for the 2023 fiscal year. An unqualified audit opinion was issued in each case. The annual financial statements of Cherry SE and the combined management report for Cherry SE and the Cherry Group were prepared in accordance with German legal requirements.

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the European Union and the supplementary German statutory provisions pursuant to Section 315e (1) of the German Commercial Code (HGB). The auditor conducted the audit in accordance with Section 317 HGB and the EU Audit Regulation and generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) and additionally observed the International Standards on Auditing (ISA). The annual financial statements, the consolidated financial statements, and the combined management report were presented to the Supervisory Board and discussed in great detail at the Audit Committee meeting held on May 21, 2024. The preparations for the upcoming resolutions were made by defining the respective outstanding action steps.



In particular, the Audit Committee addressed the key audit matters (including audit procedures). The auditors reported on the scope, focus, and key findings of their audit, particularly the focal points of the audit and the audit process. The final auditor's reports were made available to all members of the Supervisory Board on May 31, 2024. No material weaknesses in the internal control and risk management system were observed. The Supervisory Board concurred with the findings of the audit. Following the final assessment by the Audit Committee and the Supervisory Board's own examination, no objections were raised. The Management Board prepared the annual financial statements and the consolidated financial statements on May 29, 2024. The Supervisory Board approved the annual financial statements and the consolidated financial statements on May 31, 2024. The annual financial statements are thus adopted.

## COMBINED SEPARATE NON-FINANCIAL REPORT

The Supervisory Board also dealt with the combined separate non-financial report for Cherry SE and the Group for the period from January 1 to December 31, 2023 (referred to below as the Sustainability Report 2023) prepared by the Management Board.

The Sustainability Report was diligently reviewed by the Supervisory Board at its meeting held on May 21, 2024. All members of the Supervisory Board were provided with the relevant documents in a timely manner. The Management Board was present at the Supervisory Board meeting and explained the details of the report. All additional questions asked by the Supervisory Board members were answered and additional information was provided. No reasons were identified that would prevent the proper and appropriate preparation of the combined Sustainability Report.

Based on its own review, the Supervisory Board acknowledged and approved the combined Sustainability Report for Cherry SE and the Group for the period from January 1 to December 31, 2023 on May 31, 2024 and had no objections to the report.

On behalf of the Supervisory Board

A handwritten signature in black ink, appearing to be 'Marcel Stolk', written over a set of horizontal lines.

Marcel Stolk  
Chairman



# CHERRY ON THE CAPITAL MARKET

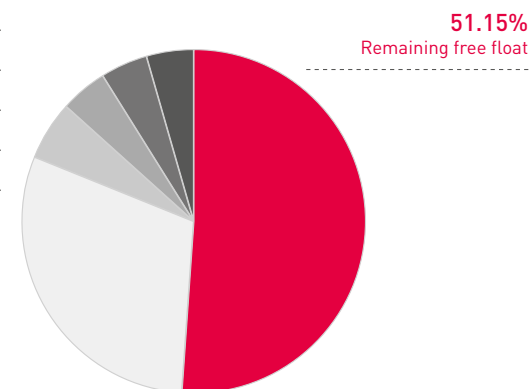
Cherry SE [ISIN: DE000A3CRRN9] is an internationally operating manufacturer of computer input devices such as keyboards, mice, and headsets for applications in the worlds of gaming, e-sports, office and hybrid workplaces, industry, and health-care. Since it was founded in 1953, Cherry has been synonymous with innovative, high-quality products developed specifically to meet the various needs of its customers.

## RELATIVE PERFORMANCE OF THE CHERRY SHARE



## SHAREHOLDER STRUCTURE

- 4.36% The Capital Group Companies, Inc.
- 4.4% Paladin Asset Management
- 4.57% Cherry SE (Treasury Shares)
- 5.35% Lemanik Asset Management S.A.
- 30.17% Argand Partners Fund GP-GP



## PERFORMANCE OF THE CHERRY SHARE

The 2023 stock market year was largely characterized by central bank interest rate hikes and the resulting outflow of liquidity from German equities in favor of fixed-income securities. Companies with low capitalization, especially high-growth stocks, were particularly impacted due to rising discount factors affecting valuations. The target group of potential investors became increasingly narrow.

Nevertheless, international stock markets recorded high profits in anticipation of upcoming interest rate cuts. The US tech index NASDAQ, for example, rose by 55% during the year under report, fueled by the AI boom. The S&P 500 index recorded an increase of 26%, while the Nikkei rose by 31%. The largest 50 stocks in the eurozone grew by an average of 23%, with the DAX lagging slightly behind at +20%. Overall, performance on the German stock market was mixed: while the SDAX still rose by 17%, the MDAX only saw an increase of 8%.



Due to the sharp drop in unit margins in components business, the CHERRY share was unable to benefit from these positive growth rates and lost around 58% over the course of the year. It began the year at a price of EUR 7.56 and closed at EUR 3.19 on December 30, 2023 with market capitalization of EUR 77.5 million. On January 5, 2023, the CHERRY share reached its high for the year at a price of EUR 8.59 with a market capitalization of EUR 208.7 million.

In the course of the 2023 fiscal year, Cherry SE acquired 437,305 of its own shares with a transaction value of EUR 2.5 million via its buyback program. For the acquisition of Xtrfy, 234,138 shares were used as partial payment of the purchase price. As of December 31, 2023, Cherry held 1,110,284 treasury shares, corresponding to approximately 4.6% of its share capital.

## ANALYSTS

Institut	Analyst <sup>1</sup>	Recommendation	Target price	Date
ABN AMRO / ODDO BHF	Julian Dobrovolschi	Neutral	€ 4.00	April 30, 2024
Hauck Aufhäuser Investment Banking	Marie-Thérèse Gruebner	Buy	€ 4.00	April 29, 2024
Metzler Capital Markets	Oliver Frey	Hold	€ 2.40	April 30, 2024
Montega AG – Equity Research	Miguel Lago Mascato	Hold	€ 2.50	May 2, 2024
Warburg Research	Jörg Philipp Frey	Buy	€ 5.50	February 1, 2024

<sup>1</sup> Cherry SE updates the analyst overview regularly. The evaluations presented here merely reflect the opinion of the financial institutions, research companies or analysts named therein. Cherry SE 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 SE does not provide research reports.



Office

# Reliable. Minimalistic. Mechanical.

The KC 200 MX is the mechanical keyboard with the perfect price-performance ratio - for all users who appreciate high quality and a modern design without unnecessary frills. An anodized metal plate and minimalist dimensions ensure a unique, clean look. CHERRY MX technology with Gold Crosspoint contact switches (Made in Germany) offers unrivaled precision and an incomparable typing experience. Molded keycaps also contribute to the pleasant typing feel. Of course, the KC 200 MX also features anti-ghosting and N-key rollover, so that no inputs get lost. All this combined with a fast response time makes it not only a good choice for programmers, creatives and keyboard enthusiasts – it is also ideal for gaming.



Gaming

# The next level in design and performance

Smaller, faster and more customizable than ever before. The **CHERRY XTRFY K5V2 Compact** is our first mechanical gaming keyboard equipped with our improved MX2A switches – for a super-smooth, precise typing experience. The switches are also “hot swappable” and can be easily replaced. In addition, the 65%-format keyboard impresses with a sturdy metal plate construction, pre-lubricated stabilizers and double-layered, sound-absorbing foam.

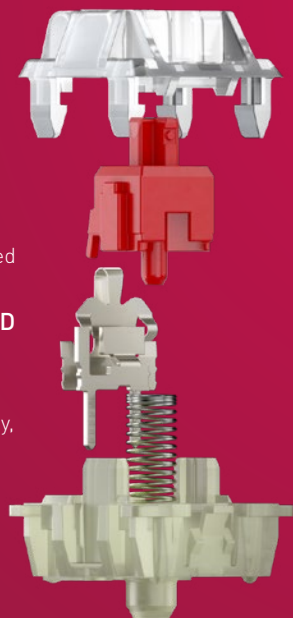
The **CHERRY XTRFY K5V2 Compact** features a new super scan technology that scans all keys every half a millisecond. This guarantees a particularly fast response time. Thanks to the built-in LED strips, the RGB lighting is more impressive than ever before. In addition, each key can be assigned its own color – without any additional software.

Components

# Benchmark of performance

MX becomes MX2A. The new MX2A mechanical switch builds on the proud heritage of the original MX switches and takes the standard for mechanical keyboards to the next level. Every aspect of the switch has been refined with targeted improvements to deliver an unmatched tactile experience that is smoother and incredibly durable. **MX2A CHERRY Inside** – the first choice for keyboard manufacturers and users who demand the best.

The linear switching characteristic combined with the low spring resistance triggers the contact immediately. The **CHERRY MX RED** is the first choice for newcomers to the world of mechanical keyboards. Thanks to the smooth-running CHERRY MX technology, it enables balanced typing and gaming sessions.





**ACTIVE KEY:** CHERRY's specialized provider of high quality hygienic keyboards and mice.

Healthcare

# Hygiene meets ease of use

CHERRY presents the first software product in its history: the Terminal Management System – **CHERRY TMS**. A management system for the administration and management of all eHealth card terminals on the market. This software was presented for the first time at DMEA 2024 and demonstrated to partners and potential customers. The CHERRY TMS is easy to scale and particularly suitable for large clinics, hospital groups or TI-Gateway/TiaaS environments. It saves administrators a lot of time and effort and offers significant cost savings. This is the starting signal for evaluating new business models and testing new market environments.

# 02 Combined Management Report for Cherry SE and the Cherry Group 2023

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21	Cherry Group profile
29	Business report
43	Report on the separate financial statements of Cherry SE
46	Chancen- und Risikobericht
61	Outlook report
62	Other disclosures



## 1. CHERRY GROUP PROFILE

### 1.1. Business model

The Cherry Group, comprising Cherry SE and its consolidated subsidiaries is an internationally operating manufacturer of computer input devices such as mechanical keyboards, mice, and headsets for applications in the worlds of gaming and e-sports, office and hybrid workplaces, industry, and healthcare. Cherry also manufactures high-end mechanical switches for the production of its own keyboards and those of partner companies. 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 has its headquarters in Munich (Germany) and, as of December 31, 2023, employed 476 people at production facilities in Auerbach (Germany), Zhuhai (China), and Vienna (Austria) as well as various sales offices in Munich and Auerbach (Germany), Paris (France), Landskrona (Sweden), Kenosha (USA), Shanghai (China), Taipei (Taiwan), and Hong Kong. Cherry is also represented by its own sales personnel in further European countries.

The Group's activities are divided across three different business segments. The COMPONENTS segment comprises business with high-end mechanical switches, which are used in Cherry partner products made by well-known OEMs as well as in Cherry's own gaming keyboards. The two business units Gaming Devices and Office Peripherals are consolidated in the GAMING & OFFICE PERIPHERALS segment. The segment includes business with computer peripherals for professional use in gaming and e-sports as well as for office and hybrid working solutions and industry. The DIGITAL HEALTH & SOLUTIONS segment comprises business with safe, hygienic peripherals for digital healthcare and security.

The COMPONENTS segment celebrated its 40th anniversary during the year under report. In 1983, Cherry developed the first mechanical switches for keyboards and has been a leading supplier of these key components ever since. As the first generation of switches in the MX series (MX1A) had meanwhile become less competitive, increasingly fallen short of expectations, and was therefore generating losses, on October 24, 2023 the Cherry Management Board announced a package of measures to substantially realign the segment's business strategy, the content of which was

specified on November 3, 2023. The development and production of second-generation switches (MX2A) for use in Cherry's own products on the international market as well as ULP switches will remain at the Auerbach site. However, the production of MX2A switches for use in Cherry partner products has been outsourced to a Chinese contract manufacturer in order to establish competitive cost structures in this important volume segment.

The switches are sold primarily to globally operating vendors of gaming peripherals using a B2B marketing approach. In addition to selling its goods via distributors, Cherry is also aiming to boost volumes sold via direct OEM contracts going forward. On October 4, 2023, Cherry announced a new cooperation agreement with Medion. Cherry's exceptional level of brand recognition in the market for mechanical keyboard switches allows it to pursue a 'pull' strategy by having the world's leading peripherals suppliers recommend its switch technology to their end customers.

In the Gaming Devices business unit, Cherry offers its customers various proprietary computer peripherals such as keyboards, mice, and headsets that are specially tailored to the needs of professional users and enthusiasts in the gaming and e-sports sector. The Group's products are manufactured at the plant in Zhuhai (China) using almost fully automated assembly equipment and processes. Cherry's in-house developed gaming peripherals are primarily sold via distributors and online platforms in the major gaming markets of Asia. In the 2023 fiscal year, the geographical focus was primarily on China as the largest single market as well as on South Korea. Cherry was also present in other Southeast Asian markets such as Indonesia, Malaysia, and Hong Kong as well as in Australia. In the 2023 fiscal year, with its "Gaming Goes Global" strategic initiative, Cherry also began to roll out its product portfolio to its other markets.



The Office Peripherals business unit offers peripherals that have been specially developed for both (hybrid) office workstations and industrial applications. The corresponding devices for this user group include primarily keyboards, mice, desktop combinations, and PoS equipment. These peripherals are manufactured on the basis of Cherry specifications, designs, and quality requirements by selected production partners abroad. The entire product portfolio for (hybrid) office workstation applications comprises a large number of different products in numerous color and country variants. Using a B2B approach, Cherry products are mainly sold by regional and national distributors in Europe, the USA, and Asia, who resell them to end users both online and offline via various sales channels (sub-distributors, resellers, systems houses, retailers, and e-tailers). Cherry also sells its computer peripherals using a B2B and B2C approach via major e-commerce platforms such as Amazon and eBay as well as its own online store.

Within its DIGITAL HEALTH & SOLUTIONS segment, Cherry focuses on developing, manufacturing, and selling innovative, safe peripherals that offer a wide range of functions for workstations in industry and the digital healthcare sector. The industrial applications are smart card readers, both as standalone devices and in combination with a keyboard for authenticating users, particularly in governmental and other facilities with strict security requirements. Moreover, Cherry is approved by Gematik GmbH as one of only two providers of systems approved for connecting to the German telematics infrastructure (TI) in the healthcare sector. The Cherry e-health terminal ST-1506 is certified by the German Federal Office for Information Security (BSI) and distributed via specialized systems integrators to all TI user groups such as hospitals, doctors' surgeries, pharmacies, and other user groups. The SMD circuit boards are manufactured and the terminal devices assembled at the production site of Theobroma Systems Design und Consulting GmbH (renamed Cherry Embedded Solutions GmbH with effect from March 21, 2024) in Vienna. The market for telematics infrastructure in the German healthcare sector presents a high barrier to market entry for potential competitors due to its strict security and certification requirements. Cherry is also represented by Active Key GmbH in the market segment for hygienic, washable keyboards and mice.

## 1.2. Group structure

As of December 31, 2023, the Cherry Group consisted of 13 legally independent entities (December 31, 2022: 12 entities).

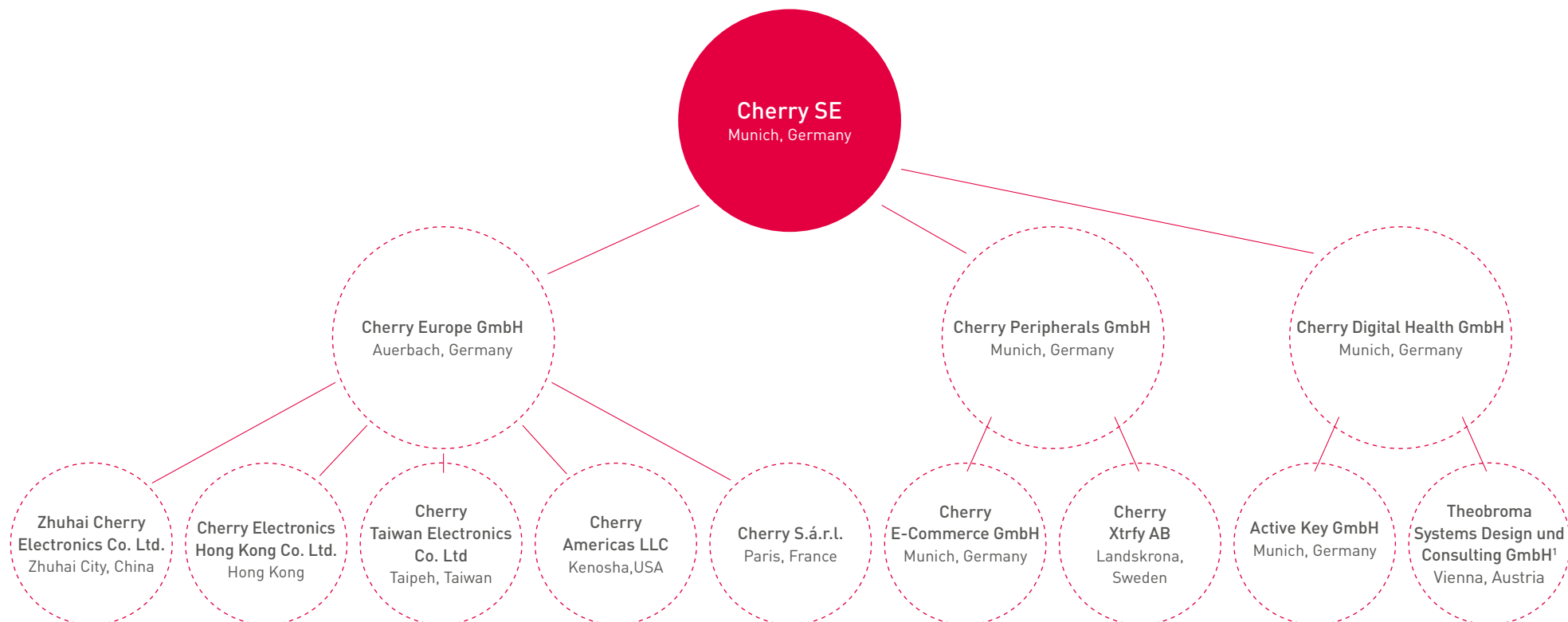
The change of the legal form of the parent company Cherry AG into a Societas Europaea (SE) was completed with an entry in the commercial register on December 13, 2022. As of December 31, 2023 Cherry SE held all the shares in the following subsidiaries:

- Cherry Europe GmbH (Auerbach, Germany)
- Cherry Peripherals GmbH (Munich, Germany), renamed as heptus 501 on November 24, 2022. The GmbH was entered in the commercial register and its name was changed on December 13, 2022. The corporate purpose of Cherry Peripherals GmbH is to develop, manufacture, and distribute mechanical switches, IT peripherals, security systems, software, their import and export, and trade with bought-in IT peripherals, security systems, and software as well as to provide development and other services in the field of IT.
- Cherry Digital Health GmbH (Munich, Germany)

As of December 31, 2023, Cherry Europe GmbH was the sole owner of subsidiaries located in Zhuhai City (China), Hong Kong (China), Taipei (Taiwan), Kenosha (Wisconsin, USA), and Paris (France).

As of December 31, 2023 Cherry Peripherals GmbH held all the shares in the following subsidiaries:

- Cherry E-Commerce GmbH (Munich, Germany), which was founded and entered in the commercial register on June 9, 2022. The corporate purpose of Cherry E-Commerce GmbH is the international sale, also via online channels, of computer input devices, mechanical switches, hardware, and other IT-based and IT-supporting products and peripherals, including all related businesses and services.
- Cherry Xtrfy AB (Landskrona, Sweden). The acquisition of the Swedish e-sports specialist Xtrfy, which was completed on January 17, 2023, initially involved the acquisition of the two companies Built on Experience AB (Landskrona, Sweden) and Xtrfy Gaming AB (Landskrona, Sweden). With effect from June 2, 2023, Xtrfy Gaming AB was merged into Built on Experience AB, which was subsequently renamed Cherry Xtrfy AB on September 8, 2023.



As of December 31, 2023, Cherry Digital Health GmbH held all the shares in Active Key GmbH (Munich, Germany) and Theobroma Systems Design und Consulting GmbH (Vienna, Austria). The latter was renamed Cherry Embedded Solutions GmbH after the end of the fiscal year under report on March 21, 2024.

### 1.3. Strategy and target system

The past few years have been characterized by difficult and constantly changing macro-economic conditions, and the economic environment has been highly volatile. The past two fiscal years in particular have been extremely challenging for Cherry. The loss of competitiveness in business with first-generation MX keypad switches rapidly became a financial problem for the Company. With the restructuring of the COMPONENTS seg-

ment, which is still ongoing, the Management Board has responded to the changed competitive situation and thus taken the first step towards strategic adjustment.

Cherry is a traditional company with more than 70 years of history behind it. During this time, it has established itself on the international market as a premium brand for innovative, high-quality keyboard switches and computer peripherals for a wide range of applications. Cherry therefore has a high level of technological expertise, develops most of its products in-house, and is always striving to offer end customers specific additional benefits. Technology and innovative strength are clearly among Cherry's core competencies, which, both then and now, constitute a key cornerstone of its corporate strategy. Market leadership in terms of quality and innovation is one

<sup>1</sup> The company was renamed Cherry Embedded Solutions GmbH on March 22, 2024.





of our three overarching strategic goals, which we want to achieve by focusing rigorously on our original strengths.

The second mainstay of our revised strategy is sustainable growth. Cherry has a strong, positively perceived brand reputation, which forms the long-term basis for substantial growth. The Group operates in international markets that offer high growth potential simply due to their size and Cherry's market share. The intention is to leverage this potential through both organic and inorganic growth. Organic growth is to be achieved primarily through the further internationalization of the business model and the expansion of Cherry's sales structures. The focus here will be on developing the US market more intensively and further expanding the e-commerce business as well as acquiring new distributor, OEM, and direct contracts. The same applies to strategic partnerships in relation to product development or marketing activities (e.g. sponsorships). Cherry also intends to grow inorganically in the medium term. Targeted company acquisitions can meaningfully expand and diversify the product portfolio and further strengthen the Group's technological competitive position.

Strategic cooperations and acquisitions also play an important role in relation to the targeted business transformation. Cherry's medium-term goal is to add complementary software solutions to its business model, which is currently based mainly on hardware. Cherry aims to offer its customers a comprehensive service package that not only provides the technology, but also offers new, more diverse application options. In addition to cloud-based applications, potential areas of use include SaaS (Software as a Service) solutions and smartphone apps. The DIGITAL HEALTH & SOLUTIONS segment in particular offers some exciting opportunities in the e-health sector. On January 31, 2024, Cherry announced its cooperation with DoctorBox, which involves developing a purely digital solution for e-prescriptions. The digitalization and transformation of the business model to include software services is also intended to generate recurring revenue going forward.

In addition to the overarching Group strategy, the Management Board has also defined specific targets for the individual segments:

## COMPONENTS

- Completion of the relocation of the production of MX2A keyboard switches for Cherry partner products to the selected contract manufacturer in China.
- Rapid market penetration with the ULP switch in the high-end gaming and premium office notebook markets.
- Continuous targeted and relevant further development of the product portfolio and the related technologies (e.g. MX3A, inductive switches, multipoint switches, etc.).
- Expansion of direct supply relationships to include further OEMs.

## GAMING & OFFICE PERIPHERALS

- Expansion of the product portfolio to include new wireless keyboards and desktop combinations for creators and additional ergonomically optimized peripherals.
- Greater market penetration, particularly in North America and Europe, by selectively expanding sales channels and the further expansion of e-commerce activities by gradually integrating additional marketplaces (e.g. eBay).
- Further expansion of Cherry's geographical market presence in terms of gaming devices and the establishment of a comprehensive ecosystem with a central gaming utility software for keyboards, mice, and headsets.

## DIGITAL HEALTH & SOLUTIONS

- Further rollout of the Cherry e-health terminal ST-1506 and the new Cherry PIN pad PP-1516 in the German healthcare sector in order to grow the installed base of Cherry hardware among all user groups of the telematics infrastructure and increase market share.
- Development of software-based services as part of the TI 2.0 technology generation of the German telematics infrastructure and the associated development of recurring sources of revenue.
- Further internationalization of business with Active Key products, particularly in the US market.



## 1.4. Management system

The Cherry Group's management model has been revised in order to improve the quality of corporate management. The Management Board manages the Cherry Group at the level of the four operating business units (or segments) Components, Gaming Devices, Office Peripherals, and Digital Health & Solutions. Due to the joint operational management as well as the content-related and economic comparability of the Gaming Devices and Office Peripherals business units, these two have been combined to form one reportable segment for external reporting purposes in accordance with the requirements of IFRS 8.

The structure results in the following three reportable segments:

- The COMPONENTS segment covers the development, production, and sale of keyboard switches with various product specifications, which are installed as components in the gaming keyboards of leading global suppliers of computer peripherals as well as in Cherry's own keyboards.
- The GAMING & OFFICE PERIPHERALS segment comprises the two operating business units Gaming Devices and Office Peripherals and covers the development, production, and sale of computer peripherals for professional use in the gaming, e-sports, office, and industry sectors. In addition to keyboards and mice, the product portfolio also includes desktop sets, headsets, microphones, and various other items of goods for resale.
- The DIGITAL HEALTH & SOLUTIONS segment comprises the development, production, and sale of e-health terminals and PIN pads for the German healthcare sector as well as hygienic, safe computer input devices. The segment also includes business with embedded systems solutions in the form of IoT (Internet of Things) modules.

The results of all business units and activities that cannot be directly allocated to a segment are reported together with cross-segment consolidation-related items in the "CORPORATE & CONSOLIDATIONS" column. These mainly include the fixed costs incurred by the administrative headquarters, i.e. Cherry SE, which performs numerous administrative tasks (e.g. Management Board, Supervisory Board, Finance & Accounting, IT, People & Culture) for the Group as a whole. These costs are not allocated to the segments due to a lack of added value in relation to the management of the individual business units. All earnings components that are not used directly by

the Management Board to manage the individual segments are also reported here. These include all earnings components below the level of EBIT (earnings before interest and taxes), such as the financial result and income taxes.

A comprehensive system of reporting, which is prepared by Group Controlling and addressed to the Management Board, serves as the basis for management. Revenue and sales volume performance are reported on a daily basis and the liquidity situation weekly. There is also a medium-term liquidity plan that is continuously updated. Detailed financial reports for the Group, the segments, and the legal entities are prepared on a monthly basis. External reporting is performed on a quarterly basis through the publication of quarterly statements and the half-year and annual reports.

In addition, regular Supervisory Board, Management Board, and management meetings are held to discuss current business performance. Management Board meetings are held on a weekly basis. The Supervisory Board meets four to six times a year, or more frequently if the need arises. The Audit Committee of the Supervisory Board acts as a further supervisory body.

The Management Board utilizes the financial performance indicators of revenue and adjusted EBITDA margin, which form the basis for the outlook. These performance indicators are important for the Cherry Group and presented for the segments as well as for the Group in the section "Net assets, financial position and results of operations."

Due to the change in the management model and the associated change in the definition of segments in accordance with IFRS 8, disclosures are made pro forma on the basis of the new segment structure for the fiscal year 2022 in the Annual Report 2023.

### Financial performance indicators

#### Group revenue

Group revenue reflects the total of all external revenue generated by the individual segments or the individual legal entities in the course of their business activities:

- In the COMPONENTS segment, revenue is generated by the sale of keyboard switches developed and manufactured in-house with varying product specifica-



- tions, which are installed as components in gaming keyboards made by leading global suppliers of computer peripherals and also in Cherry's own keyboards.
- Revenue in the GAMING & OFFICE PERIPHERALS segment is determined by the sale of computer peripherals developed and partly produced in-house for professional use in the office, industry, gaming and e-sports sectors. In addition to keyboards and mice, the product portfolio also includes desktop sets, headsets, microphones, and various other items of merchandise.
  - Revenue in the DIGITAL HEALTH & SOLUTIONS segment is mainly determined by the sale and production of in-house developed e-health terminals and PIN pads for the German healthcare sector as well as hygienic, safe computer input devices. The segment also generates revenue from the sale of embedded systems solutions in the form of IoT (Internet of Things) modules with software developed in-house.

Group revenue is subject to a number of influences of varying types and effects, including, for example, macroeconomic conditions, market trends, technological developments, and regulatory requirements. These influences and their potential impact on Group revenue are regularly assessed by the Management Board, both individually and in their entirety. In the outlook report, this fact is taken into account by specifying a target range.

### Use of Alternative Performance Measures (ESMA)

#### EBITDA margin (adjusted)

Adjusted EBITDA represents the Group's earnings before interest, taxes, depreciation, amortization, adjusted for non-operating and non-recurring items. The adjusted EBITDA margin expresses adjusted EBITDA as a percentage of Group revenue.

The key performance indicator thus reflects the operating profitability or the efficiency of a company's economic performance. Adjusted EBITDA and the adjusted EBITDA margin can be used to compare and assess a company's profitability over time and in an international comparison, irrespective of the individual financial structure and local income taxes.

The Management Board manages operating earnings in such a way that the growth trajectory of the Group can be implemented with an appropriate level of profitability. All relevant expected expense items are therefore forecast after taking account of the

planned revenue performance of the Cherry Group as a whole, excluding non-operating and non-recurring items. This is reflected in the fact that the indicator of profitability for forecasting purposes is expressed as a relative (adjusted) EBITDA margin.

### 1.5. Research and development

In line with the Cherry Group's established corporate strategy, innovation based on the development of new products is crucially important for driving future growth and further enhancing its competitive edge as an innovative and high-quality market leader. Cherry's development activities focus not only on specifically expanding its product portfolio to include new, technologically and functionally innovative products, but also on replacing existing products at the end of their respective life cycles in a timely manner.

Cherry has three of its own production and technology hubs and also works with external development partners in a number of areas.

Overall development is managed out of the Cherry location in Auerbach (Germany), which provides new product development services for the Group's three business segments. Activities at the facility are currently focused on the ongoing and further development of keypad switches for the COMPONENTS segment, which are produced in-house. The development of new products in the other two segments is frequently carried out in close cooperation with R&D partners from various regions. These partnerships are primarily involved in developing hardware, software, and security products as well as conducting design studies.

Development work for the GAMING & OFFICE PERIPHERALS segment is performed at the Zhuhai (China) site in close collaboration with Auerbach. Locally, the focus is on developing gaming keyboards, which are also produced on-site. The site also maintains further development partnerships with local manufacturers. Cherry's in-house development of office peripherals relates primarily to the definition of product and design specifications, while the development work itself is frequently carried out by local contract manufacturers.



Development work for the DIGITAL HEALTH & SOLUTIONS segment is mostly conducted at the Cherry facility in Vienna (Austria) and focuses mainly on e-health products, but also includes embedded Linux software in the security and healthcare sector as well as various industrial applications in the IoT (Internet of Things) field.

During the 2023 fiscal year, Cherry focused on the following development activities:

In the COMPONENTS segment, the new second-generation MX switch (MX2A) was presented to the public and launched at the Gamescom in August. Designed for enthusiasts, gamers and professionals alike, this switch is by far the best MX full-size switch currently available thanks to several significant improvements and embodies Cherry's unwavering commitment to innovation, meticulous German engineering, and outstanding quality. Featuring Hyperglide technology, the MX2A guarantees a life span of 100 million actuations, which is unrivaled in the industry. The factory-applied premium lubricant on the newly shaped, diamond-ground dome with a curved radius in the lower part of the housing means that actuation is now far smoother than previously. The automated, high-precision ring lubrication process also reduces spring noise to a minimum, thus ensuring a quiet, pleasant typing experience. Moreover, the MX2A has an innovative spring design that has been changed from a cylindrical to a barrel-shaped geometry to enable an almost contactless linear movement. The MX Purple is a community switch that was developed together with the well-known YouTuber and influencer "Glarses" and has met with a great deal of approval in the gaming scene. The one million switches ordered were sold out within just three months. Development work has also begun on the MX LPv2 (Low Profile) switch. Apart from general improvements to the switch characteristics, a tactile variant has now also been added to the range. The innovation is designed to provide a noticeable resistance when the click point is reached, which is a key factor for ensuring a pleasant and discernible typing experience, especially in the office and creator environment. With its MX switch kits, Cherry sold its switches directly to end users in the DIY community for the first time in 2023. Sales of the boxes, which were originally only available via the Cherry online store and Amazon, have been going well. The expansion of the sales network and improvements to the current packaging are planned for 2024.

Development work in the GAMING & OFFICE PERIPHERALS segment focused on a targeted expansion of the product portfolio. In the Gaming Devices business unit, three new wireless keyboards were developed to completion and launched on the market. The MX 8.2 TKL Wireless, MX-LP 2.1 Compact Wireless, and MX 3.0S Wireless keyboards, all equipped with Cherry Advanced Wireless Technology, now form the next generation of gaming peripherals under the new CHERRY XTRFY brand. With the new MX 3.1 and K5V2, two further keyboards have been developed for this purpose, both of which are fitted with the enhanced MX2A switches. Apart from its new gaming keyboards, Cherry has also been working on new mice. The M64 and M68 mouse series have been developed to offer a new level of performance, featuring the latest 8000-Hz technology for extremely low click latency and precise cursor movements. To complement Cherry's range of mice, the M50 mouse series has been designed as the mid-range choice for gamers at every level. A new range of microphones has also been developed with both gamers and streamers in mind. These include the Ngale X – a USB/XLR hybrid microphone for studio audio quality at an affordable price – and the Ngale R, a standalone USB microphone for efficient, high-quality sound recordings. The above products were officially announced during the CES at the beginning of 2024 and will be available in the course of the year. In the Office Peripherals business unit, the innovative CHERRY KW X ULP keyboard, equipped with the in-house developed MX Ultra Low Profile (ULP) switches, was developed for series production and successfully launched on the market. The keyboard is located in the high-end premium segment and aimed at particularly sophisticated and design-conscious users. A new, compact Bluetooth keyboard has also been developed in response to the trend towards mobile devices with a wide range of connectivity options. A new ergonomic mouse for office use has also been developed and is about to go into production. Furthermore, a handy wireless mouse for mobile use, a new wireless keyboard for the entry-level segment, and the first mechanical office keyboard with MX2A switches were also developed in the course of 2023.

Development work in the DIGITAL HEALTH & SOLUTIONS segment focused on the four separate areas of e-health, hygiene peripherals, security peripherals, and smart boards.

The development of e-health products focused primarily on the further evolution of the e-health terminal ST-1506 and the e-health PIN pad PP-1516 as well as related services. Originally launched in 2021, the e-health terminal ST-1506 has been developed on the basis of the multi-paradigm system programming language RUST and



thus also provides a scalable platform for Cherry in the ongoing development of telematics infrastructure for the German healthcare system. The PIN pad enables patients to uniquely identify and release their personal data by entering a PIN for applications such as the electronic medication plan (eMP), emergency data management (NFDm), or the electronic patient record (ePA). In addition to the development of a gSMC-KT management system, the continuous evolution of the e-health terminal software and associated device management services was an essential part of the development work in order to respond to requirements relating to current and future applications in the telematics infrastructure. The range of hygiene peripherals with fully wipe-disinfectable keyboards and mice was also further enlarged. The latest product designed for medical use in areas with strict hygiene standards, the Hygiene Desktop 2, was launched on the North American market in 2023. The STREAM PROTECT interchangeable membrane is a product designed for Cherry STREAM keyboards and also used in applications outside the healthcare sector where hygiene is a relevant factor. Development activities in the field of security peripherals in 2023 were limited to product maintenance such as updating drivers and firmware. Preparations have also begun for the next version of card reader keyboards and standalone card readers, which will also enable the contactless reading of smart cards, among other features. The Smart Boards solutions team at Group subsidiary Theobroma Systems Design und Consulting GmbH developed embedded systems for smart products in the fields of "Internet of Things" (IoT) and "Industry 4.0" during the year under report. These innovations will be used for applications in the fields of health and life sciences, industry, transportation and logistics, retail, and security. The development portfolio consists of SoM (system-on-module) platforms including development kits, single-board computers, and fully customized design products for a variety of devices, each of which is controlled via corresponding applications. The focus here is specifically on devices designed for medical applications.

As of December 31, 2023, a total of 62 people were engaged in research and development work (December 31, 2022: 62 people).

Research and development expenses amounted to EUR 15.7 million in the year under report (2022: EUR 9.0 million). This figure included non-recurring items amounting to EUR 8.1 million, which were adjusted in EBITDA (EUR 0.9 million) and EBIT (EUR 8.1 million). Of this amount, EUR 0.6 million was attributable to restructuring costs and EUR 6.9 million to impairment losses recognized mainly on capitalized development costs in conjunction with impairment testing. The previous year included non-recur-

ring items amounting to EUR 0.8 million relating to capitalized development costs deemed fully impaired in light of the discontinuation of Cherry VIOLA technology. Adjusted for the non-recurring items, research and development expenses were EUR 0.6 million below the previous year's level. Research and development expenses corresponded to 12.5% of Group revenue (2022: 6.8%).

Of the research and development expenses, EUR 5.4 million were attributable to the COMPONENTS segment (2022: EUR 2.9 million), EUR 2.0 million to the GAMING & OFFICE PERIPHERALS segment (2022: EUR 2.0 million) and EUR 6.8 million to the DIGITAL HEALTH & SOLUTIONS segment (2022: EUR 3.8 million). A further EUR 1.5 million was attributable to CORPORATE & CONSOLIDATIONS (2022: EUR 0.4 million).

Furthermore, in the 2023 fiscal year, in-house development costs amounting to EUR 3.6 million were capitalized as intangible assets or as projects under development (2022: EUR 3.1 million).

Capitalized development costs were therefore the equivalent of 22.9% of total research and development expenses (2022: 34.4%).



## 2. REPORT ON ECONOMIC POSITION

### 2.1. Macroeconomic and sector-specific environment

#### An overview of global economic development in 2023

According to the International Monetary Fund (IMF) in its “World Economic Outlook – Navigating Global Divergences” dated October 2023, the world economy recovered only slowly from the impact of the COVID-19 pandemic, Russia’s war of aggression against Ukraine, and the resulting permanent increase in energy costs. The situation was compounded by the outbreak of war in the Middle East from the fourth quarter onwards. The cost of energy and raw materials, which had already risen sharply in the previous year, initially remained at a high level. Consolidation only set in during the course of the year under report.

After several years of low- and zero-interest rate policies in both the EU and the USA, the central banks in Europe and the USA again raised their key interest rates in 2023 in a bid to combat inflation. Since interest rates began to turn around in July 2022, the ECB has raised its key interest rate in a total of ten increments, most recently to 4.5%. The strict fiscal policy led to the global inflation rate falling more sharply than expected from 8.7% in 2022 to an average of 6.8% in the year under report. However, persistently high prices at every level of the economy caused the global economic downturn to continue, resulting in a noticeable reluctance of consumers to spend due to the increased cost of living.

Overall, the pace of global economic growth slowed in 2023. However, the severe recession feared by many economists at the beginning of the year, particularly in the developing economies, did not materialize.

According to the IMF’s “World Economic Outlook – Moderating Inflation and Steady Growth Open Path to Soft Landing” dated January 2024, the world economy expanded moderately by 3.1% overall. Nonetheless, at +1.6%, growth in the advanced economies was weaker than in the emerging markets and developing economies (+4.1%).

The international production sites and sales markets of key importance for Cherry developed quite diversely. Specifically, the IMF put economic growth in Germany at -0.3% for 2023 (2022: +1.8%) and in the eurozone at +0.5% (2022: +3.4%). Economic

growth in the USA gained momentum at +2.5% (2022: +1.9%), as did the situation in China at +5.2% (2022: +3.0%). In the Association of Southeast Asian Nations (ASEAN: Indonesia, Malaysia, Philippines, Thailand, Vietnam), growth slowed to an estimated +4.2% (2022: +5.5%).

#### Sector-relevant developments

In Cherry’s three business segments as newly defined in the year under report, i.e. GAMING & OFFICE PERIPHERALS, DIGITAL HEALTH & SOLUTIONS, and COMPONENTS, market conditions developed very differently. In Germany, revenue in the consumer electronics market amounted to just under EUR 25 billion, roughly on a par with the previous year. The market is expected to continue moving sideways in this segment over the next few years.

In the GAMING & OFFICE PERIPHERALS segment, the market research institute Newzoo estimated the global market volume for PC games relevant to the Gaming Devices business unit to be worth USD 40.4 billion in 2023. The figure corresponds to a share of around 22% of the total games market. At USD 38.4 billion, packaged digital PC games accounted for the majority of the amount, resulting in growth of +5.3% in this market segment. The remaining USD 1.9 billion related to the PC browser games market, representing a decrease of -16.9% year on year. Furthermore, Newzoo estimates the number of gamers worldwide to have grown by around 4.3% to approximately 3.31 billion in 2023 compared with one year earlier. The Asia-Pacific region alone accounts for some 1.73 billion players, i.e. around 52% of the total. Newzoo estimates that there were around 867 million PC gamers worldwide in 2023. The assessment of the market development of PC games is relevant for Cherry in terms of gamers’ hardware equipment, such as keyboards and mice. Accordingly, Newzoo estimates the average growth rate for the overall market to be +0.6% in 2023 year on year. The figure corresponds to revenue of USD 184 billion (source: Global Games Market Report 2023, January 2024).

The Office Peripherals business unit, however, saw a contrary market trend. Whereas only 41% of employees worked in offices in 2022, at 66% the figure rose significantly to two thirds during the year under report. Hybrid working remained stable at 26%, whereas remote working fell from 34% to 7%. In the relevant PC peripherals market for (hybrid/remote) office workstations, according to a report published in February 2024, the company WFH Research estimates that 12.4% of full-time employees in the



US worked entirely from home, while 29.6% used a hybrid model. The “State of Hybrid Work 2023 United States” report published by OW Labs in October 2023 also points out that good technical equipment in particular is one of the most important factors when working and that reliable, functioning technology in the workplace is essential. In the survey, 88% of people stated that at least one person had attended their meetings remotely (source: <https://owllabs.com/state-of-hybrid-work/2023>).

The global market for keyboard switches stagnated in 2023. Demand for gaming and PC keyboards determines the overall demand for keyboards in the individual markets. In the 70th anniversary year of its founding, Cherry continued to produce for numerous global manufacturers such as Corsair, HP, and Dell. Cherry switches have been an important hallmark of quality for high-end mechanical keyboards for many years, providing better key haptics, greater durability, and fast response times. The sale of switches therefore depends on demand for keyboards in the respective markets. In 2023, revenue generated with keyboards worldwide rose slightly to USD 4.8 billion year on year. Germany is a leading market for keyboards and characterized by high demand for ergonomic and mechanical devices. Revenue across the sector as a whole amounted to EUR 109 million. Keyboards with a total value of around EUR 1.1 billion were sold in the important Chinese market and EUR 0.7 billion in the USA, the second-largest market overall.

Digitalization was the key topic in the development of the German healthcare system in 2023, partially due to preparations for the nationwide introduction of e-prescriptions in 2024 and the use of e-doctor’s notes and e-certificates of incapacity to work. As the National Agency for Digital Medicine, Gematik GmbH analyzes the current status of the telematics infrastructure in the German healthcare system with the TI Atlas 2023. Accordingly, the equipment and use of the telematics infrastructure (TI) have moved forward significantly. In 2023, the use of TI increased year on year from 25% to 53% in hospitals, from 43% to 71% in doctors’ surgeries, from 56% to 75% in dental practices, from 42% to 81% in pharmacies, and from 39% to 54% in psychotherapy practices.

87% of people in Germany have a basically positive attitude towards new technologies, and the willingness to use electronic patient records has risen by 5 percentage point to 85%.

On the one hand, the high level of acceptance shows great market potential for the DIGITAL HEALTH & SOLUTIONS segment; on the other hand, it is foreseeable that the market for procuring new hardware will become saturated.

## 2.2. Business performance and key influencing factors

In the 2023 fiscal year, Cherry generated revenue of EUR 126.5 million (2022: EUR 132.5 million) and recorded an adjusted EBITDA margin of 1.6% (2022: 11.5%). Thus the two key performance indicators fell short of both the previous year and the current forecast. The net loss for the year amounted to EUR -126.9 million (2022: EUR -35.7 million). The net loss for the year was largely attributable to the necessary non-cash impairment losses relating to the impairment test (EUR 96.0 million) and non-recurring expenses in conjunction with restructuring measures including those for severance payments and impairments on property, plant and equipment, intangible assets as well as right of use assets (EUR 14.2 million).

As expected, the 2023 fiscal year was a challenging one for Cherry. The macroeconomic environment was fraught with uncertainty due to the armed conflicts in Ukraine and the Middle East. The global markets continued to be characterized by fears of recession as well as high inflation and interest rates. Despite the difficult macroeconomic conditions, the direct impact on Cherry’s business activities was manageable, primarily due to higher refinancing costs, as the fixed interest rate on the loan from UniCredit Bank GmbH expired in the course of 2022 and has been subject to variable interest rates since then.

Above all it was the sharp decline in business with keyboard switches in the COMPONENTS segment that proved to be a challenge for Cherry in the past fiscal year. That particular business had grown strongly in the 2021 fiscal year, partly due to the COVID-19 pandemic, but slumped again by 62.5% in the following year. In particular, both the speed and the scale of the slump in business hit Cherry hard; it soon became clear that the business model would have to be swiftly reviewed and restructured and that the 2023 fiscal year would become one of consolidation for the Cherry Group.

Based on the low level of revenue and earnings in the 2022 fiscal year, the Management Board of Cherry SE was convinced it would be able to stabilize revenue and earnings performance in the short term and return to the original growth path by taking swift, targeted measures, particularly during the second half of the year.



While performance in the first half of 2023 was still pleasing and Cherry even exceeded its own targets, it was unable to achieve the revenue growth forecast for the second six-month period.

Business with keyboard switches remained sluggish and the recovery expected for the second half of the year did not materialize. The main reason was that the first-generation MX switch (MX1A) had lost market relevance in the vital volume segment due to cost and technological disadvantages compared to its Asian competitors. In a parallel development, business with e-health terminals and PIN pads declined sharply, as politically related delays in the launch of new specialist applications in the telematics infrastructure led to a reluctance to buy on the part of our customers, which lasted longer than expected.

Business with computer peripherals for office and gaming, on the other hand, performed extremely well and achieved double-digit growth rates, not least due to the expansion of the e-commerce business and further internationalization as well as the acquisition of Xtrfy. Thus Cherry was able to partially compensate for the decline in revenue in the other two segments over the course of the year.

Due to the current business performance at the time, on October 24, 2023 the Management Board of Cherry SE revised the forecast for the full fiscal year, together with the announcement of the preliminary figures for the third quarter, by publishing inside information in accordance with Article 17 of Regulation (EU) No 596/2014, to revenue of around EUR 140 million (previously: EUR 135-165 million) with an adjusted EBITDA margin of around 10% (previously: 10-14%). As a result, the expectations for the two key performance indicators were both revised downwards to the lower end of the original target range of the outlook from the management report for the 2022 fiscal year.

In this context, on November 3, 2023 the Management Board of Cherry SE, with the approval of the Supervisory Board, resolved a concrete package of measures to initiate a substantial strategic restructuring of the segment along its entire value chain with the aim of restoring it to profitability in the long term. The planned package of measures was published on the same day by means of inside information pursuant to Article 17 of Regulation (EU) No. 596/2014.

The package adopted by the Management Board includes the following specific measures in particular:

- Relocation of the production of Cherry MX2A switches for use in Cherry partner products in the international market to an external production partner in China
- Adjustment of the size of the organization from the 455 full-time equivalent employees (FTEs) at the time of the announcement to around 350 FTEs with effect from March 30, 2024

The restructuring measures are all being implemented rigorously and according to schedule. The transfer of the production of Cherry MX2A switches for use in partner products to an external Chinese production partner is going very well so far and currently even ahead of the original timeline. An earlier SOP (start of production) than originally assumed is considered likely.

Furthermore, at EUR 15.2 million, the total cost of restructuring during the year under report is now expected to be significantly below the level of the original conservative estimate of around EUR 20 million. The costs for the socially responsible workforce cutbacks and other material costs in conjunction with implementing the measures (e.g. legal costs, qualification costs) are expected to total EUR 6.8 million instead of the originally assumed amount of around EUR 11 million. EUR 5.8 million of the costs, which will mainly become cash-relevant in the 2024 fiscal year, were recognized in profit or loss in the 2023 fiscal year. The remaining amount of around EUR 1.0 million primarily relates to investments required to provide suitable equipment for the new contract manufacturer, such as tools. At EUR 8.4 million, non-cash impairment losses on property, plant and equipment, right-of-use assets, and inventories are slightly below the initial estimate of around EUR 9 million.

Notes:

- Unless otherwise stated, the effects on the income statement and cash flows explained below relate to the 2023 fiscal year, while the comparative figures relate to the same period of the 2022 fiscal year (prior year).
- Unless otherwise stated, the effects on the statement of financial position explained below relate to December 31, 2023, or to the change in the 2023 fiscal year. The comparative figures relate to the previous year's financial statements (December 31, 2022).





- Non-recurring, non-operating exceptional items, which were adjusted in EBITDA in accordance with the explanations, were also adjusted in EBIT. Exceptional items that were adjusted in EBIT in accordance with the explanation are only adjusted in EBIT, as these relate to items that are not included in EBITDA (e.g. depreciation, amortization and impairment losses).
- 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 comparative figures.

### Segment performance

Total revenue for the COMPONENTS segment fell by 48.4% compared to the previous year (EUR 25.9 million) to EUR 13.4 million. The figure includes revenue from intra-group sales amounting to EUR 2.5 million (2022: EUR 4.3 million), which was eliminated on consolidation. External revenue therefore amounted to EUR 10.9 million and fell by 49.8% year on year (2022: EUR 21.6 million).

The downward trend in the keyboard switches business continued during the 2023 fiscal year. The upswing in demand expected for the second half of the year did not materialize. In addition to persistently high levels of inventories at customers and distributors and declining sales unit figures with the major OEMs, a trend among end customers towards smaller gaming keyboards with a significantly reduced number of keys (down by 20-30%) additionally held down overall demand for keyboard switches.

However, the main reason for the revenue slump at Cherry was the loss of competitiveness in the relevant volume segment of Cherry MX1A switches. After the patent expired in 2017, the business model was adapted by a large number of contract manufacturers, mainly based in China. Since 2019, these companies have significantly increased their production capacities for qualitatively and technologically appealing keyboard switches in the entry-level and volume segments and created fierce price competition due to their local cost advantage.

The new second-generation MX switch (MX2A) was only presented and launched at the Gamescom trade show in Cologne in August 2023 and was unable to compensate for the downturn in sales of the predecessor model due to the relatively low volumes sold. The emerging ULP switch, which gives Cherry a unique selling point over its competitors, has been well received by the market and achieves good margins,

although it occupies a much smaller overall market segment because of its intended range of applications.

Due to the ongoing low demand for keyboard switches, production at the Auerbach site was only insufficiently utilized and mainly limited to customer orders that could not be met from inventories, as well as the new ULP switch technology and second-generation MX switches (Cherry MX2). Due to the current low sales figures and low market prices for MX1 switches, it was not possible to contribute sufficient profit to compensate for the idle capacity costs incurred.

The “MX Gen. 4” assembly machine previously ordered was canceled by the Management Board due to technical and quality defects. The lease agreement with Deutsche Leasing AG was terminated accordingly.

The segment generated adjusted EBITDA of EUR 1.8 million (2022: EUR 0.6 million), which corresponds to an adjusted EBITDA margin of 13.1% (2022: 2.1%). Adjusted EBIT totaled EUR -6.1 million (2022: EUR -42.8 million). This corresponds to an adjusted EBITDA margin of -45.9% (2022: -165.3%). No adjustments were made to impairment losses in EBIT in 2022.

Total revenue generated by the GAMING & OFFICE PERIPHERALS segment rose by 19.0% year on year to EUR 96.2 million (2022: EUR 77.8 million). The segment did not generate any inter-segment revenue within the Group.

Cherry’s commitment to quality and customer satisfaction has meanwhile attracted a broad following, which has helped it to gain a leading position in the peripherals market. With its rigorous strategic focus on further market expansion and internationalization, Cherry has succeeded in achieving double-digit growth in a highly competitive environment and gained market share in key segments.

At EUR 28.2 million, revenue generated with gaming devices in particular increased significantly year on year by 44.1% (2022: EUR 19.6 million). The growth was driven primarily by the acquisition of the Swedish e-sports specialist Xtrfy in January 2023; its products ideally complement the Cherry portfolio and are now being offered and sold on the market under the new joint premium brand CHERRY XTRFY. Revenue generated with the original Xtrfy products amounted to around EUR 5.3 million.



The business also benefited from internationalization as part of the “Gaming Goes Global” strategic initiative. New strategic partnerships, collaborations, and sponsorship agreements with leading e-sports teams such as “SK Gaming” and “Team Vitality” have enabled Cherry to strengthen brand awareness and extend market reach.

The change of a major Chinese distributor, which began in the previous year, was completed during the first quarter 2023. During this period, goods were bought back from the previous distributor and resold to the new distribution partner to provide it with some initial equipment.

In the course of the fiscal year, the e-commerce strategy continued to be rigorously developed, leading to above-average growth in the sales channel. In Europe, revenue generated via e-commerce grew by around 52.4% to EUR 21.6 million, with the online marketplace Amazon accounting for around half of both revenue and growth. In the USA, the Amazon-related business grew more strongly by 95% to around EUR 3.0 million.

However, despite the positive development over the course of the year, revenue growth in the fourth quarter fell well short of our own expectations, mainly due to lower revenue in business with distributors in Europe and the USA. In addition, contract negotiations with a potential new major distributor were not brought to a successful conclusion. These points were largely responsible for the fact that the most recent forecast for the Group was not achieved.

The segment generated adjusted EBITDA of EUR 14.1 million (2022: EUR 19.6 million), which corresponds to an adjusted EBITDA margin of 15.2% (2022: 25.1%). Adjusted EBIT totaled EUR 10.8 million (2022: EUR 17.0 million). The figure corresponds to an adjusted EBITDA margin of 11.6% (2022: 21.9%). In the previous fiscal year, no adjustments were made in EBIT for impairment losses.

Total revenue of the DIGITAL HEALTH & SOLUTIONS segment fell by 30.4% year on year to EUR 23.0 million (2022: EUR 33.1 million). The segment did not generate any inter-segment revenue within the Group.

Business with e-health products remained sluggish over the course of the year. Revenue fell by EUR 9.3 million to EUR 16.8 million (2022: EUR 26.1 million). The main reasons for the decline in revenue were political and technology-related delays in implementing new, specialized applications in the telematics infrastructure, such as the e-prescription or the electronic patient file, which took longer than expected and therefore led to a strong reluctance to buy on the part of our customers. Due to the introduction of the e-prescription on July 1, 2023, which has now been completed and became mandatory at the turn of the year, and the planned mandatory introduction of the electronic patient record by the end of 2024, demand for e-health terminals was expected to increase significantly in the second half of the year. However, it only began to rise shortly before the start of the new year. At EUR 4.1 million, segment revenue in December was 140.5% above the average for the months from January to November 2023.

Besides the delays in the launch of new, specialized applications, the funding of pharmacies and medical practices for their equipment and the operating costs of the telematics infrastructure was also switched from reimbursement of the initial equipment costs to a monthly telematics infrastructure (TI) flat rate on 1 July 2023, which additionally impacted demand.

Business with e-health terminals for the German healthcare system is strictly regulated. There is currently only one other Gematik-approved provider apart from Cherry. Cherry’s innovative and technologically superior products therefore continue to give it an extremely advantageous competitive edge, despite the recent low level of demand.

Business with security devices decreased by 10.5% to EUR 6.2 million year on year.



The segment generated adjusted EBITDA of EUR 4.7 million (2022: EUR 10.3 million), which corresponds to an adjusted EBITDA margin of 20.3% (2022: 31.2%). Adjusted EBIT totaled EUR 1.1 million (2022: EUR 7.0 million). The figure corresponds to an adjusted EBIT margin of 4.7% (2022: 21.2%). In the previous fiscal year, no adjustments were made in EBIT for impairment losses.

	COMPONENTS			GAMING & OFFICE PERIPHERALS			DIGITAL HEALTH & SOLUTIONS			GROUP		
	Jan. 1– Dec. 31, 2023	Jan. 1– Dec. 31, 2022	Change	Jan. 1– Dec. 31, 2023	Jan. 1– Dec. 31, 2022	Change	Jan. 1– Dec. 31, 2023	Jan. 1– Dec. 31, 2022	Change	Jan. 1– Dec. 31, 2023	Jan. 1– Dec. 31, 2022	Change
€ million / as reported												
Segment revenue	13.4	25.9	-48.4%	92.6	77.8	19.0%	23.0	33.1	-30.4%	126.5	132.5	-4.6%
External revenue	10.9	21.6	-49.8%	92.6	77.8	19.0%	23.0	33.1	-30.4%	126.5	132.5	-4.6%
Intragroup revenue	2.5	4.3	-41.5%	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
EBITDA (adjusted)	1.8	-0.6	418.2%	14.1	19.6	-27.9%	4.7	10.3	-54.8%	2.1	15.2	-86.4%
EBITDA margin (adjusted)	13.1%	-2.1%	15.2 pp	15.2%	25.1%	-9.9 pp	20.3%	31.2%	-10.9 pp	1.6%	11.5%	-9.8 pp
EBIT (adjusted)	-6.1	-42.8	85.7%	10.8	17.0	-36.6%	1.1	7.0	-84.5%	-13.3	-33.5	-60.4%
EBIT margin (adjusted)	-45.9%	-165.3%	119.4 pp	11.6%	21.9%	-10.2 pp	4.7%	21.2%	-16.5 pp	-10.5%	-25.3%	14.8 pp



## Reconciliation to alternative performance measures (ESMA)<sup>1</sup>

The following table shows the reconciliation of EBIT, EBITDA, adjusted EBIT, and adjusted EBITDA to the Cherry's Group net loss/profit for the 2023 fiscal year and the previous year.

€ thousand	Jan. 1 – Dec. 31, 2023	Jan. 1 – Dec. 31, 2022
<b>Group net loss</b>	-126,881	-35,728
- Taxes	-6,926	-2,620
- Financial result	2,691	1,863
<b>EBIT</b>	-131,116	-36,485
+/- Exceptional personnel expenses	7,421	834
+/- Impairment losses on inventories	3,214	-
+ Expenses incurred in the context of M&A transactions	321	644
+ Expenses incurred in the context of strategic projects	-	752
+/- Other non-recurring exceptional items	1,377	750
+/- Impairment losses on intangible assets, property, plant and equipment and right-of-use assets	105,528	-
<b>Adjusted EBIT</b>	-13,255	-33,505
+ Depreciation and amortization <sup>2</sup>	15,328	48,706
<b>Adjusted EBITDA</b>	2,073	15,201
<b>EBIT</b>	-131,116	-36,485
+ Depreciation, amortization and impairment losses	120,855	48,706
<b>EBITDA</b>	-10,261	12,221

<sup>1</sup> Unaudited

<sup>2</sup> Including write-down of acquired order book and impairment losses on inventories and other assets totaling EUR 132k (2023) / Including impairment loss on Cherry VIOLA totaling EUR 3,534k and impairment loss on goodwill totaling EUR 29,882k (2022)

For better comparability, the previous year's adjustments are presented using the new categories. In the previous year, no adjustments were made to EBIT for impairment losses on intangible assets, property, plant and equipment, right-of-use assets and inventories. These are included in the reconciliation in the line item "Depreciation and amortization" and include impairment losses in conjunction with the termination of Cherry VIOLA (EUR 3,534k) and the impairment loss on goodwill (EUR 29,882k). Adjusted for these exceptional items, depreciation and amortization in the previous year would have amounted to EUR 15,290k and would therefore have been at the same level as in the previous fiscal year. The adjusted EBIT for 2022 would have amounted to EUR -89k.



The non-recurring exceptional items adjusted in EBITDA and EBIT in the 2023 fiscal year can be broken down further according to their causes and are allocated to the various items in the income statement as follows:

€ thousand	Impairment Test	Restructuring	Other	Total
Exceptional personnel expenses	0	5,755	1,666	7,421
Impairment losses on inventories	0	3,214	0	3,214
Expenses incurred in the context of M&A transactions	0	0	321	321
Expenses incurred in the context of strategic projects	0	0	0	0
Other non-recurring exceptional items	0	58	1,319	1,377
<b>Total EBITDA adjustments</b>	<b>0</b>	<b>9,027</b>	<b>3,306</b>	<b>12,333</b>
Impairment losses on intangible assets, property, plant and equipment and right-of-use assets	96,000	5,197	4,331	105,528
<b>Total EBIT adjustments</b>	<b>96,000</b>	<b>14,224</b>	<b>7,637</b>	<b>117,861</b>

€ thousand	Impairment Test	Restructuring	Other	Total
Cost of sales	15,183	12,464	4,421	32,068
Research and development expenses	6,937	613	581	8,131
Marketing and selling expenses	260	891	402	1,553
Administrative expenses	17,753	256	2,187	20,196
Other operating income	0	0	0	0
Other operating expenses	55,867	0	46	55,913
<b>Total adjustments</b>	<b>96,000</b>	<b>14,224</b>	<b>7,637</b>	<b>117,861</b>



## 2.3. Net assets position, financial position and results of operations

### Results of operations of the Cherry Group

Business with keyboard switches in the COMPONENTS segment was also heavily impacted in the 2023 fiscal year. External revenue slumped again, falling by EUR 10.8 million to EUR 10.9 million (2022: EUR 21.6 million). The upswing in demand originally expected in the second half of the year did not materialize, mainly due to the fact that the first-generation MX switch (Cherry MX1A) was no longer competitive in the relevant volume segment.

In the GAMING & OFFICE PERIPHERALS segment, Cherry succeeded in increasing external revenue by 19.0% to EUR 92.6 million (2022: EUR 77.8 million) and gaining market share in key segments thanks to a convincing product portfolio, a successful internationalization strategy, and the optimization of sales management, despite an overall decline in consumer demand. The upward business performance over the course of the year compensated for a large part of the revenue losses in the other two segments. However, despite the positive revenue development, growth in the final quarter of the year fell well short of Cherry's expectations. Business with distributors in Europe and the USA in particular failed to meet expectations due to a low sell-through rate. Moreover, a contract with a potential new distributor originally planned for the fourth quarter was not concluded. These were the main reasons why the current forecast was not achieved.

Demand for e-health products in the DIGITAL HEALTH & SOLUTIONS segment was heavily impacted by politically and technologically related delays in the implementation of new specialized applications in the telematics infrastructure. The resulting uncertainties led to a reluctance to buy on the part of our customers, which was the main driver behind the 10.1 million drop in external revenue to EUR 23.0 million (2022: EUR 33.1 million).

In total revenue amounted to EUR 126.5 million in this fiscal year. This fell short of the forecast of EUR 135-165 million presented in the annual report 2022.

Gross profit I (GPI) amounted to EUR 56.9 million (2022: EUR 68.5 million), which corresponds to a GPI margin of 45.0% (2022: 51.7%). The EUR 11.6 million decrease in GPI was due to a variety of factors, including a purely volume-related effect

amounting to negative EUR -3.1 million, attributable to the EUR 6.1 million lower Group revenue compared to the previous year, which was therefore not relevant for the GPI margin. The other factors that also had a negative impact on the GPI margin stem mainly from inventory write-downs and adjustments mainly in connection with the ongoing restructuring measures (EUR -3.2 million), the positive impact arising on the change in estimates used for write-downs on inventories in the previous fiscal year (EUR -2.3 million) and higher discounts in the computer peripherals business.

Gross profit II on revenue (GP II) amounted to EUR 2.7 million and was therefore EUR 34.2 million or 92.7% down on the previous year. The GP II margin fell year on year (2022: 27.8%) by 25.7 percentage points to 2.1%. The disproportionate decrease in the GP II margin was mainly attributable to one-time non-operating exceptional items arising in conjunction with impairment testing and restructuring measures (EUR 32.1 million).

Research and development expenses rose sharply by EUR 6.7 million to EUR 15.7 million (2022: EUR 9.0 million), mainly driven by impairment losses amounting to EUR 6.9 million recognized following year-end impairment testing. Of this amount, EUR 6.4 million related to capitalized development costs. These impairment losses have been adjusted in EBIT. At EUR 4.2 million, personnel costs included within this figure were EUR 0.3 million higher than in the previous year (2022: EUR 3.9 million). The increase was due to restructuring costs amounting to EUR 0.6 million, which have been adjusted in EBITDA. Adjusted for these exceptional items, research and development expenses were lower than one year earlier. The decrease primarily reflected the higher volume of costs capitalized (including projects under development), which went up by EUR 0.6 million from EUR 3.1 million to EUR 3.7 million year on year, mainly due to an adjustment of the hourly rates to the changed level of costs.

At EUR 43.7 million, marketing and selling expenses were significantly higher year on year (2022: EUR 19.3 million). The figure reported for 2023 includes impairment losses amounting to approximately EUR 17.4 million (of which: brands EUR 14.6 million and customer base EUR 2.5 million). These impairment losses have been adjusted in EBIT. Another key reason for the increase was the personnel expense of EUR 9.7 million included in this figure, which was EUR 2.5 million higher than one year earlier (2022: EUR 7.2 million). The higher figure included restructuring costs amounting to EUR 0.9 million, which have been adjusted in EBITDA. The increase from an operational perspective was due to the larger number of employees required



in particular to expand the e-commerce business and implement the internationalization strategy. Furthermore, non-personnel expenses went up by EUR 3.9 million, primarily due to greater costs for outbound logistics and fulfillment services as well as higher sales commissions as part of the increased end customer business transacted via Amazon in the USA.

Administrative expenses amounted to EUR 18.7 million, up by EUR 3.5 million year on year (2022: EUR 15.2 million). The primary reasons for the increase were exceptional expenses in connection with personnel changes on the Management Board (EUR 1.3 million) and restructuring costs (EUR 0.3 million), both of which have been adjusted in EBITDA, as well as impairment losses amounting to EUR 0.6 million (mainly on property, plant and equipment and right-of-use assets), which has been adjusted in EBIT.

At EUR +0.2 million (net income), other operating income and expenses were EUR +0.1 million higher than in the previous year (2022: EUR +0.1 million).

Due to the current business performance in combination with lower short- and medium-term expectations, an impairment loss on goodwill amounting to EUR 55.9 million was identified (2022: EUR 29.9 million) and recognized as a separate item in the statement of comprehensive income. This only affects EBIT and has been adjusted at that level.

The key performance indicators EBITDA and EBIT are reported both with and without adjustments. The adjustments to EBITDA in the 2023 fiscal year (total: EUR +12.3 million) were mainly attributable to costs incurred in conjunction with restructuring (of which: redundancy plan EUR +5.8 million, impairment of MX1 switches EUR +2.7 million) and the change of personnel on the Management Board (EUR +1.3 million). The sum of all adjustments in EBIT amounted to EUR +117.9 million. The adjustments in EBIT take into account additional exceptional items that do not affect EBITDA, such as impairment losses on intangible assets, property, plant and equipment, and right-of-use assets comprising EUR 96.0 million based on impairment testing and EUR 9.6 million for specific write-downs on property, plant and equipment.

EBITDA amounted to EUR -10.3 million (2022: EUR +12.2 million), which corresponds to an EBITDA margin of -8.1% (2022: +9.2%). Adjusted EBITDA amounted to EUR 2.1 million (2022: EUR 15.2 million), which corresponds to an adjusted EBITDA margin of +1.6% (2022: 11.5%).

EBIT amounted to EUR -131.1 million (2022: EUR -36.5 million), which corresponds to an EBITDA margin of -103.7% (2022: -27.5%). Adjusted EBIT came in at EUR -13.3 million (2022: EUR -33.5 million), which corresponds to an adjusted EBITDA margin of -10.5% (2022: -25.3%). In the previous fiscal year, no adjustments were made in EBIT for impairment losses.

The financial result was a net negative amount of EUR -2.7 million (2022: EUR -1.9 million), whereby the deterioration was primarily driven by higher refinancing costs. Of the credit line amounting to EUR 55 million with UniCredit Bank GmbH, EUR 45 million was drawn down as of December 31, 2023. Since the expiry of the fixed interest rate in 2022, the loan has been subject to variable interest rates.

The Group net loss for the year amounted to EUR -126.9 million (2022: EUR -35.7 million).

#### Financial position of the Cherry Group

Cash outflow from operating activities amounted to EUR -27.9 million and thus deteriorated by EUR -33.6 million compared to the previous year (2022: net cash inflows: EUR 5.8 million). The deterioration was primarily attributable to a lower result for the year and an increase in net working capital.

Compared to the previous year (2022: EUR -35.7 million), the Group net loss for the year deteriorated by EUR -91.2 million to EUR -126.9 million. The figure includes depreciation, amortization and impairment losses amounting to EUR 120.7 million, which is EUR 73.0 million higher than one year earlier (2022: EUR 47.8 million). The increase in depreciation, amortization and impairment losses included in the result for the year, which are non-cash items, was mainly due to the higher level of impairment losses recognized on goodwill in 2023 amounting to EUR -55.9 million (2022: EUR -29.9 million), impairment losses recognized on other intangible assets amounting to EUR -23.8 million (mainly brands, customer base, capitalized development costs) and impairment losses recognized on property, plant and equipment as well as on right-of-use assets (EUR -25.8 million).



Net working capital (NWC) – as the net amount of current assets (excluding cash and cash equivalents) and current liabilities (excluding financial debt) – increased year on year by 36.7% to EUR 55.9 million (December 31, 2022: EUR 40.9 million) and thus led to a negative cash flow impact of EUR -15.0 million. The inventories included in this figure decreased by EUR 2.6 million to EUR 62.4 million compared to the previous year (2022: EUR 65.0 million), which consequently had a positive effect on cash flow. Thanks to rigorous inventory management, the significant increase in inventories over the course of the fiscal year was fully reduced and even more than compensated for by the end of 2023. The primary reasons for the increase in NWC were current trade receivables and trade payables, which developed in opposite directions. Current trade receivables increased by EUR 14.3 million to EUR 30.6 million compared to one year earlier (December 31, 2022: EUR 16.3 million). This was due to the EUR 3.4 million growth in revenue in the fourth quarter compared to the previous year, higher average payment terms for customers, and timing factors around the reporting date. In contrast, current trade payables decreased by EUR 13.1 million to EUR 17.8 million (December 31, 2022: EUR 30.9 million). The main drivers were a significant reduction in inventory-relevant orders in combination with optimized inventory management and calendar effects.

Cash outflow from investing activities totaled EUR -10.8 million (2022: EUR -11.3 million). In the 2023 fiscal year, similar to the previous 12-month period, investments related mainly to machinery, tools, intangible assets in the form of capitalized in-house development work, and the acquisition of consolidated subsidiaries. At EUR 4.2 million, investments in intangible assets were at a similar level to the previous year (2022: EUR 4.2 million). At EUR 3.1 million, investments in property, plant and equipment were EUR 2.5 million lower than one year earlier (2022: EUR 5.5 million), the main reason being the cancellation of the “MX Gen. 4” assembly machine, which was originally scheduled for commissioning in the first half of the year. Investments in consolidated subsidiaries amounted to EUR 3.5 million and related primarily to the purchase price component from the acquisition of Xtrfy, which was payable in cash at the time of closing in January 2023. The investments in the previous year totaling EUR 1.6 million related to the final purchase price tranche in connection with the acquisition of Active Key GmbH, which was consolidated for the first time in the 2021 fiscal year.

Cash outflow from financing activities amounted to EUR -7.9 million (2022: EUR -11.2 million). The change in the cash outflow from financing activities was primarily due to the lower number of treasury shares acquired in conjunction with the share buyback program launched in June 2022, for which a further EUR -2.5 million was paid out in the 2023 fiscal year (2022: EUR -6.8 million).

As of December 31, 2023, cash at bank totaled EUR 46.1 million (December 31, 2022: EUR 92.8 million). Of the total credit lines made available to Cherry by UniCredit Bank GmbH amounting to EUR 55 million to cover operational liquidity requirements, EUR 45 million was drawn down as of December 31, 2023. Despite breaching the covenants, a credit line of EUR 25.3 million has been in place since May 2024. For further information, please refer to the “Events after the end of the reporting period.”

As of December 31, 2023, Group equity amounted to EUR 122.1 million (December 31, 2022: EUR 251.8 million). The year-on-year decrease of EUR 129.7 million was mainly due to the Group net loss for the year amounting to EUR -126.9 million and the reduction in connection with the share buyback program amounting to EUR -2.5 million. The equity ratio fell from 66.4% to 51.2% compared to the previous year.

### Principles and objectives of financial management

Cherry SE’s external sources of financing include the issuance of shares as well as short- and long-term borrowings and lease arrangements. The Cherry Group funds its internal financial requirements primarily out of its own cash flow surpluses, to the extent generated.

Cherry SE’s ability and intention to pay dividends in future years will depend on its financial position, results of operations, capital requirements, investment alternatives, strategic plans, and risks that the Management Board and the Supervisory Board deem relevant. Any proposal put forward by the Management Board and the Supervisory Board regarding dividend payments is subject to the approval of the Annual General Meeting. Cherry SE expects that the primary source of funding for the payment of dividends, if any, will be interest and similar income generated by it, as well as any dividends or other payments it receives from its current and future subsidiaries.





The Management Board plans to allocate any future profit available to revenue reserves in order to strengthen internal financing and use the cash generated for the organic and inorganic development of the business.

The Management Board will not propose the payment of a dividend at the Annual General Meeting.

### Net assets position of the Cherry Group

As of December 31, 2023, Group net assets amounted to EUR 238.6 million, which was EUR 140.5 million or 37.1% down on the previous year (December 31, 2022: EUR 379.1 million).

Taking into account accumulated depreciation, amortization, and impairment losses, non-current assets totaled EUR 97.7 million as of December 31, 2023, down by EUR 104.6 million or 51.7% on the previous year's corresponding figure (EUR 202.3 million). The decrease was mainly due to impairment losses totaling EUR 96.0 million, recognized in accordance with the impairment testing requirements contained in IAS 36. Of this amount, EUR 55.9 million related to capitalized goodwill. In view of the fact that the impairment requirements within the individual cash generating units (CGUs) partially exceeded goodwill, the excess loss amount remaining after deducting the impairment requirement from goodwill was spread proportionally across the remaining other non-current assets. This resulted in an additional write-down of intangible assets amounting to EUR 23.8 million, of which EUR 14.6 million related to the brand, EUR 6.6 million to capitalized development costs, EUR 2.5 million to the customer base, and EUR 0.1 million to industrial property rights and licenses. In addition, a general impairment loss of EUR 16.4 million resulting from the impairment test was recognized allocated on property, plant and equipment and right-of-use assets. Moreover, specific impairment losses amounting to approximately EUR 9.5 million were recognized on property, plant and equipment. Of this amount, EUR 5.2 million related to MX1 production facilities, which are no longer required as a consequence of the restructuring of the keyboard switch business.

As of December 31, 2023, current assets amounted to EUR 140.9 million, a decrease of EUR 35.9 million or 20.3% compared to the figure recorded one year earlier (December 31, 2022: EUR 176.8 million). The main reason for this was a halving of cash at bank by EUR 46.8 million to EUR 46.1 million, primarily due to the cash-rele-

vant part of the Group net loss for the year amounting to EUR -126.9 million, the increase in working capital by EUR 15.0 million, and payments made in conjunction with investing and financing activities. Current trade receivables increased by EUR 14.3 million to EUR 30.6 million, due to the high level of revenue generated in the fourth quarter (up by EUR 3.4 million to EUR 37.9 million) as well as longer average payment terms for our customers.

Non-current liabilities decreased by EUR 52.5 million to EUR 27.5 million year on year (December 31, 2022: EUR 80.0 million), mainly due to the reclassification – from non-current to current financial debt – of the credit line amounting to EUR 45.0 million drawn from UniCredit Bank GmbH as of December 31, 2023. The reclassification became necessary as a result of the Cherry Group's failure to comply with contractually agreed covenants with regard to the permitted debt ratio as of December 31, 2023. The covenants on which the credit agreement is based were not complied with for the first time in the third quarter of the 2023 fiscal year. The bank was notified of this fact in due time in the form of a certificate of compliance on November 15, 2023. In this context, a waiver application was submitted, which the bank granted on December 21, 2023. In addition to an administration fee of EUR 0.2 million and an increase in the margin by 1.0 percentage points, the waiver was conditional on the early repayment of a tranche amounting to EUR 10 million in January 2024. Furthermore, the existing overdraft facility of EUR 10.0 million was reduced by EUR 5.0 million. The EUR 10.0 million repayment scheduled for January 2024 was reclassified to current financial debt. In view of the fact that the covenants were similarly not complied with in the fourth quarter 2023, UniCredit Bank GmbH had the right to demand early repayment of the outstanding credit amount as of December 31, 2023. For this reason, the remaining EUR 35.0 million of the credit amount was also reclassified to current financial debt. In order to ensure the Company's continued financing, an amendment to the existing credit agreement with UniCredit Bank GmbH has been negotiated in the meantime. The agreement was signed by both parties on May 3, 2024. The main points of the supplementary agreement include a repayment of EUR 10 million in May 2024, the termination of the remaining overdraft facility, an increased margin of 0.5 percentage points on the remaining credit line and the provision of collateral in rem from trade receivables and inventories in return for the suspension of the existing covenants until March 31, 2025. Further information can be found in the section "Events after the end of the reporting period" in the notes to the consolidated financial statements. At the end of the previous fiscal year, liabilities to UniCredit Bank GmbH were reported in full as non-current financial debt.



Current liabilities rose by 88.3% to EUR 89.0 million compared to one year earlier (December 31, 2022: EUR 47.3 million). Of this amount, EUR 45.0 million resulted from the reclassification of financial debt to UniCredit Bank GmbH described above. Current trade payables went down by EUR 13.1 million to EUR 17.8 million, mainly due to significantly lower repeat orders of goods for resale and raw materials as a result of high inventory levels over the course of the year. In contrast, other non-financial liabilities rose by EUR 6.4 million to EUR 10.2 million, primarily due to the personnel liabilities from severance and continued salary payments, which were agreed upon as part of the social plan in the course of restructuring. In addition, other current financial liabilities increased by EUR 3.0 million to EUR 9.1 million, mainly due to an increase in liabilities for customer bonuses year on year and an outstanding purchase price payment of EUR 724k from a company acquisition.

Compared to the end of the 2022 fiscal year, equity decreased by EUR 129.7 million to EUR 122.1 million, the main reason being the Group loss for the year amounting to EUR -126.9 million, which includes impairment losses of EUR 108.7 million on intangible assets, property, plant and equipment, right-of-use assets, and inventories.

#### **Overall statement on the net assets, financial position and results of operations of the Cherry Group**

With Group revenue of EUR 126.5 million and an adjusted EBITDA margin of 1.6%, Cherry's results fell short of both its own expectations and its most recent forecast, which had envisaged Group revenue of EUR 140 million and an adjusted EBITDA margin of 10%. Cherry was therefore also unable to achieve its target of year-on-year growth. Although the 2023 fiscal year was seen as one of transformation and consolidation from the outset, Cherry's business performance was not satisfactory.

In order to counteract this negative development, on November 3, 2023 Cherry's management team announced a comprehensive restructuring package that essentially involves a substantial strategic realignment of the COMPONENTS segment along the entire value chain, but also extends to other areas of the Group. From the time of final implementation, the measures will drive potential earnings of EUR 10-15 million per year. The costs of the measures, which were initially estimated at around EUR 20.0 million, amount to around EUR 15.2 million, of which EUR 14.2 million was recognized in the income statement for the 2023 fiscal year and reported as an adjustment item to EBIT. An amount of EUR 1.0 million relates to investments in con-

nection with the qualification of the new Chinese contract manufacturer (mainly with respect to tools) and was therefore not included in the result. The restructuring measures had a significantly negative impact on the result for the year. However, they will help drive a perceptible improvement in earnings going forward and enable Cherry to return to the path of profitability.

The Cherry Group's failure to meet its forecast for the 2023 fiscal year will also entail a delay in achieving the targeted growth curve for the following years. In the course of impairment testing stipulated by IAS 36, an additional impairment loss of EUR 96.0 million was required to be recognized on intangible assets, property, plant and equipment and right-of-use assets. As a result, Cherry posted a net loss for the year amounting to EUR -126.9 million, which has reduced Group equity to EUR 122.1 million (December 31, 2022: EUR 251.8 million), causing the equity ratio to deteriorate significantly by 15.2 percentage points to 51.2% (December 31, 2022: 66.4%).

The overall business performance also led to further challenges in terms of Cherry's liquidity and financing. Cash and cash equivalents fell by almost half from EUR 92.8 million to EUR 46.1 million over the course of the year. Cherry had already taken measures to counteract this development as quickly and rigorously as possible and was able to generate a positive cash flow of EUR 1.7 million in the fourth quarter. Working capital management was significantly intensified, mainly by optimizing inventory management. A significant reduction in purchase order volumes meant enabled the inventory build-up during the year to be reduced by the year-end. At EUR 62.4 million, inventories were below the previous year's figure of EUR 65.0 million at the end of the 2023 fiscal year. Furthermore, Cherry tightened its management and monitoring of costs.

The sharp reduction in cash and cash equivalents in conjunction with the net loss for the year meant that Cherry was required to report a breach of its contractual obligations to UniCredit Bank GmbH for the first time on November 15, 2023, as the agreed covenants relating to the permitted debt-equity ratio were not met in the third quarter. Under the terms of a waiver agreement for the third quarter, which was concluded on December 21, 2023, the early repayment of part of the outstanding credit amount of EUR 10 million was initially agreed for January 2024. In addition, an administrative fee of EUR 0.2 million and an increase in the margin of 1.0 percentage points for the remaining loan amount of EUR 35 million were agreed to. The additional credit line of EUR 10.0 million to cover short-term liquidity requirements was reduced by



EUR 5.0 million. In view of the fact that the defined key performance figures were similarly not complied with in the fourth quarter, the bank had the right to demand early repayment of the outstanding credit amount as of December 31, 2023. In order to ensure the continued financing of Cherry's operations, a supplementary agreement to the existing credit agreement was negotiated with UniCredit Bank GmbH, which was signed by both parties on May 3, 2024. Further information can be found in the section "Events after the end of the reporting period" in the notes to the consolidated financial statements.

## 2.4. Non-financial performance indicators

### Employees

The ability to recruit, develop, and retain qualified employees is a vital prerequisite for the long-term sustainability of the Cherry Group and the successful implementation of its strategic and operational corporate goals. The Management Board has defined the essential principles of the Cherry Group's corporate culture in its Code of Business Conduct, which applies throughout the enterprise.

As of December 31, 2023, the Cherry Group (excluding board members, trainees, interns, and temporary staff) employed a workforce of 476 people (December 31, 2022: 490 people).

The distribution of employees across geographical regions and functions was as follows:

#### Number of employees by region

	Dec. 31, 2023	Dec. 31, 2022
Europe	364	371
Asia	98	103
North America	14	16
<b>Total</b>	<b>476</b>	<b>490</b>

#### Number of employees by function

	Dec. 31, 2023	Dec. 31, 2022
Production	136	161
Quality management	46	53
Materials management	67	64
Product management and development	62	62
Sales and marketing	98	92
Administration	67	58
<b>Total</b>	<b>476</b>	<b>490</b>

The number of employees attributable to the excluded groups (board members, trainees, interns, and temporary staff) amounted to 14 (2022: 21 employees). Over the 12-month period under report, the Cherry Group therefore employed a total of 490 people (2022: 511 people). The number of full-time employees (FTEs) was 444 (2022: 457 employees).

In 2023, 14 new people were added through company acquisitions (2022: 0 people).

The lower figure year on year was mainly due to the socially responsible reduction in personnel in the course of restructuring the keyboard switch business.

Over the 12-month period under report, the Cherry Group employed an average of 504 people (2022: 527 people).

The proportion of female employees in the Cherry Group stood at 38% (2022: 37.3%). At 42.5, the average age of employees in the Group was the same as in the previous year (42.5 years old).

Personnel expense amounted to EUR 40.0 million during the year under report (2022: EUR 34.0 million). The increase of EUR 5.8 million was mainly due to severance payments and continued salary payments from the date of redundancy in the course of restructuring. The majority of the expense will be paid out in the course of 2024 and was accrued as of December 31, 2023.

In the course of providing training and qualification opportunities, Cherry regularly conducts technical training courses, product training, and advanced courses on legal



and regulatory topics. Needs-based training plays a decisive role in ensuring that qualified staff are capable of meeting the market requirements of the future. As of December 31, 2023, a total of 11 young people (December 31, 2022: 15) were undergoing training for occupations such as industrial management assistant and mechatronics technician.

## Quality

In view of the Cherry Group's strategic positioning as an innovation and quality leader, quality is an essential factor in the long-term success of the Cherry brand. The high quality standards that Cherry expects across its entire range of products and services require a comprehensive understanding of quality that extends throughout the entire value chain. Apart from the technical quality of Cherry's production facilities, this understanding of quality also includes ensuring functional quality at the product development stage as well as long-term quality across the entire life cycle of products in terms of product management. Finally, the aspect of product sustainability is becoming increasingly important in quality management, characterized in particular by excellent durability, a recyclable design, and conformity with standardized ergonomic requirements.

As part of its integrated management system, Cherry monitors numerous internal and external issues as well as environmental conditions for a wide range of stakeholders in the context of the Group's organizational structure. Audit management within the Cherry Group is organizationally divided into system, process, and product audits as well as those for external suppliers, service providers, and approval audits.

For certain product groups, Common Criteria (CC) are also taken into account. An internationally acknowledged standard (ISO/IEC 15408) specifies criteria used by independent certification bodies to verify whether an IT product or system meets certain security requirements. This standard is especially important in sensitive areas such as government, healthcare, and finance. Compliance with the common criteria enables IT products and systems to be certified and recognized at an international level.

## 3. REPORT ON THE SEPARATE FINANCIAL STATEMENTS OF CHERRY SE

### 3.1. Results of operations of Cherry SE (HGB)

The separate financial statements of Cherry SE are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). As the Group's holding company, Cherry SE does not perform any operational activities, but primarily financing and centralized functions.

Cherry SE holds either direct or indirect interests in the operating units.

In line with its function as Group holding company, the business situation and development of Cherry SE are determined by the earnings contributions of the subgroups. For this reason, no significant financial performance indicator has been defined for Cherry SE.

In the 2023 fiscal year, Cherry SE generated a net loss for the year of EUR 159.0 million.

The results of operations of Cherry SE during the period under report were significantly influenced by the following factors:

- Impairment losses on the investment in Cherry Europe GmbH amounting to EUR 134.5 million in accordance with IDW RS HFA 10, mainly due to reduced growth expectations.
- Revenue amounting to EUR 14.2 million (2022: EUR 11.8 million) mainly resulted from the intra-group recharging of costs and the internal provision of services to subsidiaries, mainly to Cherry Europe GmbH.
- Personnel expenses mainly comprised the remuneration of senior management as well as salaries for employees in administrative capacities, such as HR, Finance, and Controlling.
- In the 2023 fiscal year, Cherry SE did not realize any income from the transfer of profits from affiliated companies. In the 2022 fiscal year, income of EUR 1.0 million arose from the profit and loss transfer agreement in place with Cherry Digital Health GmbH.
- The expenses from the transfer of losses totaling EUR 25.7 million resulted from the profit and loss transfer agreements with the affiliated companies Cherry Europe GmbH (EUR -22.8 million), Cherry Digital Health GmbH (EUR -2.3 million), and



Cherry Peripherals GmbH (EUR -0.6 million). In the previous year, the Company absorbed losses of EUR -4.5 million from the profit and loss transfer agreement with Cherry Europe GmbH.

### 3.2. Financial position of Cherry SE (HGB)

Cherry SE is the holding company responsible for the centralized financial management of the Cherry Group. It aggregates capital requirements at Group level and undertakes the necessary financing measures on behalf of the Cherry Group as a whole. The main objectives of financial management are to secure the liquidity of the Cherry Group worldwide on a constant and long-term basis, to optimize financing expenses and earnings, and to manage and minimize both currency and interest rate risks. Cherry SE collaborates with international credit institutions on a long-term basis and in a spirit of trust. To the extent possible, Group companies are financed in their own local currencies. Cherry SE also processes the majority of payment transactions on behalf of the Group.

As of December 31, 2023, EUR 45 million of the credit lines totaling EUR 55 million made available to Cherry SE by Unicredit Bank GmbH to cover operational liquidity requirements had been drawn down. In addition, as of December 31, 2023, there were guarantees of EUR 0.3 million, including a rental guarantee of EUR 300k and a customs guarantee of EUR 5k.

The contractual commitments underlying the credit agreement regarding compliance with certain key financial figures ("covenants") were not complied with as of the third quarter. As a result, a waiver agreement was negotiated with UniCredit Bank GmbH, which included an administrative fee of EUR 0.2 million, a margin increase of 1.0 percentage points, early repayment of EUR 10.0 million of the loan in January 2024, and a reduction of the overdraft facility by EUR 5.0 million. In return, the bank waived its contractual right to early repayment of the outstanding credit amount. As the covenants were not met as of December 31, 2023, on May 3, 2024 new supplementary contractual agreements were made with the bank in order to secure the further financing of Cherry's business operations. Further information can be found in the section "Events after the end of the reporting period" in the notes to the consolidated financial statements.

As of December 31, 2023, cash and cash equivalents amounted to EUR 31.0 million.

Furthermore, Cherry SE acquired a total of 1,344,422 treasury shares (of which 437,305 in the 2023 fiscal year) with a transaction volume of approximately EUR 9.3 million (of which EUR 2.5 million in the 2023 fiscal year) as part of the share buyback program, which was launched in June 2022 and successfully completed after a term of 12 months, which can be used in future as a purchase price component in the course of M&A transactions or for employee participation schemes as well as other purposes. As part of the acquisition of Xtrfy by the Group subsidiary Cherry Peripherals GmbH, 234,138 treasury shares were made available to the latter in the form of a loan, valued at fair value on the date of transfer, as settlement of the relevant purchase price component.

As of December 31, 2023, financial assets comprised the 100% investment in Cherry Europe GmbH, Auerbach, the 100% investment in Cherry Digital Health GmbH, Munich, and the 100% investment in Cherry Peripherals GmbH, Munich.

### 3.3. Net assets position of Cherry SE (HGB)

Total assets of Cherry SE decreased by EUR 159.8 million year on year to stand at EUR 160.2 million at the end of the reporting period (December 31, 2022: EUR 320.0 million).

Assets went down by EUR 38.6 million to EUR 31.0 million (2022: EUR 69.6 million), mainly due to the impairment loss recognized on the investment in Cherry Europe GmbH (EUR 134.5 million) and the significant reduction in cash at bank. In contrast, receivables from affiliated companies increased by EUR 13.3 million to EUR 46.7 million (2022: EUR 33.4 million), mainly due to the granting of or increase in intra-group loans. In the course of the 2023 fiscal year, Cherry SE had to regularly adjust the loan amounts as part of its financing function in order to ensure the liquidity of individual subsidiaries due to their losses.

The decrease in equity and liabilities was attributable to the net loss for the year amounting to EUR -159.0 million reflected in equity, which mainly resulted from the impairment loss recognized on the investment in Cherry Europe GmbH and the assumption of the losses of the subsidiaries Cherry Europe GmbH (EUR -22.8 million), Cherry Digital Health GmbH (EUR -2.3 million), and Cherry Peripherals GmbH (EUR -0.6 million) in accordance with profit and loss transfer agreements.



### 3.4. Overall statement on the net assets position, financial position and results of operations of Cherry SE (HGB)

The main asset items in the statement of financial position of Cherry SE were shares in affiliated companies and financing receivables from affiliated companies. Investments, which are reported under financial assets, decreased by EUR 134.5 million due to the write-down of the investment in Cherry Europe GmbH. Cash at bank decreased to EUR 31.0 million, EUR 38.6 million lower than one year earlier.

As of December 31, 2023, the equity ratio stood at 69.1% (December 31, 2022: 84.5%). The decline is mainly due to the impairment loss recognized on the investment in Cherry Europe GmbH and the high losses assumed from subsidiaries in accordance with profit and loss transfer agreements.

Results of operations of Cherry SE are significantly influenced by the profit and loss transfer structure applied within the Cherry Group. Due to the structural problems in the keyboard switch business and the reluctance of customers to purchase e-health products, revenue generated by the operating business units declined, resulting in an absorption of losses totaling EUR -25.7 million (2022: net expense of EUR -3.5 million).

The operating subsidiaries were exposed to a number of extremely difficult external and internal conditions during the 2023 fiscal year. The keyboard switch business in particular found itself in a difficult economic situation due to structural problems and is therefore being strategically reorganized, the implementation of which already began during the 2023 fiscal year. The long-awaited upswing in demand for e-health products appeared to have begun towards the end of the fourth quarter 2023. Business with peripherals for gaming and office applications grew perceptibly in the course of the year.

The overall market continues to offer great potential for future growth, which Cherry intends to exploit with its highly technical and innovative range of products, some of which are protected by patent rights.

### 3.5. Outlook for Cherry SE (HGB)

In these times of progressive digitalization, Cherry SE intends to maintain and further expand its robust position in this ongoing growth-oriented business environment. Cherry SE's investee companies serve the markets in which they operate with extremely high standards of quality. The Group's broad range of innovative products is designed to meet customer demand as well as both customer and legal requirements. The administrative structure will continue to be expanded in line with corporate growth.

Due to its function as a holding company, the business position and development of Cherry SE are determined by the earnings contributions of the subgroups and segments. The business performance of Cherry SE is essentially subject to the same risks and opportunities as that of the Cherry Group as a whole. Further information is provided in the Cherry Group's "Report on opportunities and risks".

Risks for Cherry SE continue to result primarily from the recoverability of financial assets and financial instruments (i.e. receivables from affiliated companies). In light of the existing profit and loss transfer agreements with Cherry Europe GmbH, Cherry Digital Health GmbH, and Cherry Peripherals GmbH, the development of the Group as a whole has a significant influence on the results of operations of Cherry SE.

For the 2024 fiscal year, the Management Board forecasts a net loss in the single-digit million range, mainly due to a negative investment result.



## 4. REPORT ON OPPORTUNITIES AND RISKS

### Opportunities and risks

A technology group such as Cherry, which operates globally in a highly competitive and dynamic market environment, is subject to a number of risks that can have an impact on its net assets, financial position and results of operations. On the other hand, this environment offers Cherry market opportunities that can result in above-average growth.

Reporting at Cherry is based on a careful assessment of risks and opportunities. The individual risk assessments of the various segments as well as sales, production, procurement, logistics, human resources, information technology, legal, compliance, and finance are systematically recorded. It cannot be completely ruled out that risks that are not yet known or classified as immaterial may also affect the net assets, financial position and results of operations.

The following section reports on material risks and opportunities that have a significant impact on the net assets, financial position and results of operations of the Cherry Group, as well as key changes in risks and opportunities compared to the previous year. In addition, a complete list of risks is presented as a table in accordance with the adopted classification.

Cherry classifies the existing risks into the areas of strategic and market risks, operational risks, financial risks, and legal and compliance risks.

### Risk management and early risk identification in the Cherry Group

Pursuant to Section 91 (3) of the German Stock Corporation Act (AktG), the management board of a listed company is required to establish an internal control system (ICS) and risk management system (RMS) that are appropriate and effective with respect to the scope of that company's business activities and risk situation. According to recommendation A.5 of the German Corporate Governance Code, companies are required to describe the key features of the entire internal control system and the risk management system in the management report and comment on their appropriateness and effectiveness. By definition, risk means potential future developments or events that could lead to a deviation from target that is either negative (a risk in the narrower sense) or positive (an opportunity) for Cherry.

### Risk Management System (RMS)

Risk management is the systematic and continuous recording and assessment of risks as well as the management and monitoring of risks that have been identified. It is a systematic process that is managed centrally and applied across many areas of the Group.

The objective of a risk management system (RMS) is not to avoid all risks, but to manage and mitigate the risks that have been identified. In order to achieve forecasts and make use of opportunities, risks must be taken using a balanced approach. Cherry's risk management system is therefore geared towards the early identification of potentially risky developments. The risks are assessed according to their probability of occurrence and possible extent of damage after measures have been taken (net assessment). The assessment is measured in the levels very low, low, medium, high and very high.

### Probability of occurrence

Category	Probability of occurrence	in %
1	very low	up to 10%
2	low	10% to 35%
3	medium	35% to 65%
4	high	65% to 90%
5	very high	over 90%

### Extent of damage

Category	Amount of damage	in EUR
1	very low	up to €100,000
2	low	€100,000 to €250,000
3	medium	€250,000 to €500,000
4	high	€500,000 to €3,000,000
5	very high	over €3,000,000



To ensure its functionality, the Cherry Group's risk management system (RMS) consists of the following components:

1. Conception and organization of the RMS
2. Risk culture and communication
3. Recording and identification of significant risks at Cherry
4. Risk analysis and risk assessment
5. Implementation of measures for risk management and compliance with internal controls

### Risk principles (risk culture and risk management principles)

The Cherry Group embraces a distinctive risk culture across all aspects of the business and has an open and proactive attitude towards risk. This includes the willingness to take risks and the ability to recognize and assess risks as well as manage them in an appropriate manner. Cherry's risk culture is designed to foster innovation and growth in equal measure and therefore requires open communication and a culture of constructive criticism, where errors are seen as learning opportunities. In addition, clear responsibilities and processes for assessing and managing risks have been established within the organization.

Risk management (RM) is a key component in all the Cherry Group's decision-making and business processes. We view risks in the broadest sense as the danger of not achieving our financial and operational targets as planned and, in the narrower sense, of jeopardizing the Group's going-concern status. To ensure the long-term success of the Cherry Group, it is therefore essential to identify and analyze risks and effectively mitigate them to the extent possible by means of appropriate countermeasures. At the same time, our proactive approach to risk management, in combination with the Group's early risk identification system, can also open up opportunities for us.

Cherry has a system of people, expertise, processes, and data analysis to monitor risks for each of its individual subsidiaries, business units, and the Group as a whole. Cherry currently uses a centralized system of management reporting for performance controlling, ESG reporting, a whistle-blower system introduced in 2022, and the continuous monitoring of key performance indicators in conjunction with a risk reporting system. Current business figures are recorded directly on the basis of the

Group's various financial accounting systems, analyzed by Controlling, and made available to those responsible. In particular, key figures such as revenue, order intake, order book, and current liquidity are closely monitored. All companies within the Group reporting entity are included in the reporting system.

Risks that exceed a reporting threshold (risk greater than EUR 1.0 million and probability of occurrence greater than 50%) are included on the agenda at Management Board and Supervisory Board meetings. Similar risks at Group subsidiaries are identified through the close involvement of the member of the Cherry SE Management Board responsible in each case (who is also usually a member of the local management team) and monthly business reviews covering all Group subsidiaries and business units.

Any risks to our business are assessed as part of a risk inventory and evaluated and aggregated as required, but at least annually with regard to their probability of occurrence and level of damage in relation to Cherry's risk-bearing capacity. Essentially, risks are listed here which, if they were to occur, would result in a deterioration of the Cherry Group's net assets, financial position and results of operations, but also, since 2022, risks relating to the achievement of ESG targets (see also ESG report). The Chairman of the Supervisory Board and the Chairman of the Audit Committee receive (i) the Risk Manual and (ii) a separate risk report for informational purposes and to verify the compliance status of the risk management / early risk identification system. The Audit Committee also examines the "Report on opportunities and risks" drawn up in conjunction with the year-end consolidated financial statements.

Cherry may also be exposed to additional risks, which are currently unknown or are not assessed as material at this point in time. The risk factor (as the basis for determining the relevance of the risk) is derived in each case by multiplying the probability of occurrence and the potential amount of damage.





## Risk classes

		Probability of occurrence				
		very low 1	low 2	medium 3	high 4	very high 5
Extent of risk	very high 5					
	high 4					
	medium 3					
	low 2					
	very low 1					

## Risk management process

Cherry's risk management process takes a systematic approach to identifying, assessing, and managing risks. The process consists of the following main steps:

- Risk identification:** This step identifies all potential risks that could have a negative impact on Cherry.
- Risk assessment:** In this step, the identified risks are assessed to determine which risks have priority and how great the impact on Cherry could be, which is expressed in the form of a risk factor. The risk factor as such is determined by multiplying the factors for the probability of occurrence and the possible quantitative amount of damage.
- Risk aggregation:** In this step, interdependencies and correlations are assessed and an overall risk position (gross risk) is determined by the risk manager.
- Risk management and avoidance/mitigation:** In this context, the various department heads endeavor to initiate suitable measures to avoid the risks or to mitigate or completely reduce their potential impact.
- Risk monitoring and review:** This step monitors whether the measures implemented are effective, whether the level of net risk has changed, and whether adjustments therefore need to be made.
- Risk reporting:** In this step, the risks are summarized in a risk report and reported via the communication channels specified at Cherry. Alongside regular reporting, ad-hoc reporting procedures are also in place. If the net risk exceeds EUR 1.0 million with a probability of occurrence of more than 50% or deviates significantly from the planning, a report is submitted to the Management Board and the Supervisory Board. Based on a defined escalation process, the same applies to significant risks that suddenly arise.

These procedures are performed on a regular basis as required, but at least once at the year-end to ensure that Cherry is adequately protected against potential risks and that it can adapt quickly to changing circumstances. Effective risk management is designed to help drive Cherry's business growth, minimize the risk of loss, and increase financial stability.

Cherry is constantly working to improve these processes, which were newly introduced and formalized in the course of the IPO in 2021.

## Risk-bearing capacity (RBC)

The risk-bearing capacity describes the maximum extent of risk that can be borne without jeopardizing the Group's going-concern status. It represents the difference between the risk coverage potential and an overall risk position consisting of aggregated individual risks (risk inventory). The overall risk is determined on the basis of the net assessment of risks, taking mitigation measures and significant interdependencies into account.

The assessment of the Cherry Group's risk-bearing capacity is calculated on the basis of working capital available at short notice, cash at bank, and non-current liabilities to banks.

## Appropriateness and effectiveness of the risk management system and the internal control system (ICS)<sup>1</sup>

Cherry sees the risk management system (RMS) and the internal control system (ICS) as a set of overarching control systems that safeguard against risks and protect processes throughout the entire enterprise.

The ICS deals with the risks arising from operational processes in every area of the business. The RMS and ICS are interlinked and comprise the Compliance Management System (CMS).

<sup>1</sup> Unaudited



The RMS and the ICS are designed in accordance with the internationally recognized framework for internal control systems of the Committee of Sponsoring Organizations of the Treadway Commission (COSO Internal Control – Integrated Framework) and are continually adapted.

The ICS involves analyzing the individual processes in the Group's companies, identifying potential risks, and assigning appropriate controls. The results are documented in a matrix and updated on a regular basis. The results of this self-assessment are reviewed on an annual basis. Any processes identified as requiring action are reported to the Management Board and additionally discussed. The Supervisory Board is also informed about any critical risks.

The scope of the risk early identification and management system was further refined during the 2023 fiscal year, particularly with regard to the assessment of risks and the risk-bearing capacity. The meeting of the Risk Committee at the end of the fiscal year included a full evaluation of opportunities and risks. Updates for changed opportunities and risks were made as required during the fiscal year 2023. The scope of the system is at an appropriate level for the Cherry Group's risk profile and constantly being further developed in line with requirements.

The existing components of the internal control system include:

- Definition of a detailed approval matrix including value limits and precise specification of responsibilities across the various levels of management
- Role and authorization concepts for the Cherry Group's software that manages sensitive data or can be used to exert a significant influence on the Group's business processes and finances
- Important contracts are signed by at least two authorized signatories (managing directors and authorized signatories) and only after approval by Cherry's own legal department
- The triggering of investments and costs as part of the budget requires internal approval by the respective manager, Controlling, and one or more members of management – depending on the scope
- Provision of accounting guidelines to all Group companies and monthly review meetings with the local finance departments to discuss business performance and accounting issues
- Every new relevant supplier undergoes a standardized approval process, including a creditworthiness check and the definition of a credit limit.

The list is not exhaustive and merely intended to provide an insight into components of the internal control system.

The risk management system and the internal control system are assessed as appropriate and effective for Cherry. Both systems are constantly improved.

#### 4.1. Opportunities report

##### Opportunities

Once the restructuring process has been completed, the COMPONENTS segment will offer significant growth potential for Cherry. Although customers still have sufficient inventories of the ULP and Cherry MX (MX1A) main switch groups, significant market growth is expected in the gaming peripherals and gaming notebook market, particularly in the second half of 2024. With the relocation of the final assembly of Cherry MX switches (MX2A) to a contract manufacturer in China, the MX switches for Cherry partner products can once again be offered at competitive market rates from the second half of the year. In the case of ULP switches, Cherry is benefiting from the recovery of the notebook gaming PC market trend, which is also expected to gather additional pace in the second half of the year.

Cherry has an opportunity to broaden the potential market for its own switches in 2024. The keyboard market is expected to grow at a CAGR of 6% between 2024 and 2028. This prediction results from the Mechanical Keyboard Market Analysis – US, China, Japan, Germany, UK – Size and Forecast 2024–2028 (technavio.com). Cherry does not expect to perform worse than the market as a whole and intends to benefit from relevant market trends. For example, there are opportunities to enter markets that have so far been dominated by alternative technologies such as rubber dome or membrane technology, for instance in the field of gaming laptops or premium office laptops. The installation of mechanical switches in laptops is increasingly being expanded to include new laptop series with Cherry's Ultra Low Profile switches, for which production capacities are to be additionally ramped up going forward.

The predicted market growth opens up opportunities for Cherry both in the keyboard switch business and in the GAMING & OFFICE PERIPHERALS segment. The market is driven by technological advances, including mechanical keyboards, wireless technologies, and customizable lighting, which enable greater user customization and



improved functionality. New technologies for (gaming) mice will also contribute to growth. The growing popularity of gaming and e-sports is driving demand for specialized gaming keyboards, which are characterized by features such as anti-ghosting and programmable keys and contributing to higher average prices.

The increasing popularity of working from home and online learning is generating a continuous need for sophisticated keyboards, supporting a broad and diverse demand across various user groups. The development of new markets, particularly in emerging countries, and the diversification of the product range to meet varying consumer needs are key drivers of growth. Cherry intends to restructure its sales organization with a view to opening up market potential. The growing awareness of the need for environmentally friendly products and the demand for personalized, user-adapted keyboards are increasingly influencing consumer behavior and opening up new market segments for Cherry.

Cherry also sees further dynamic growth opportunities for its Gaming Devices business unit, in line with the continued positive forecast development of Asian markets for gaming peripherals. Nearly all of the products that Cherry manufactures itself are currently being sold in the fast-growing markets of Asia, where the main focus has so far been on China and South Korea. In 2024, Cherry will implement the strategy it developed in the 2023 fiscal year to open up the global gaming peripherals markets with greater intensity.

In the Office Peripherals business unit, Cherry is primarily targeting customers in its home market of Germany as well as in the established regions of France and the UK, but is also represented in the USA, where the market is to be significantly expanded over the next few years. In 2022, Cherry also began selling office peripherals in Asia. The devices are currently sold mainly via distributors to B2B end customers as well as online, including a number of major blue chip companies. Through the expansion of direct sales and its recently launched e-commerce business, Cherry intends to increasingly win over new customer segments in the B2C sector and thus position itself more broadly in terms of sales and marketing. In addition, Cherry will in future be relying on trendsetting influencers who will act as disseminators to bring both the Cherry brand and trend products from the Cherry portfolio closer to a broad, innovative circle of users.

In the wake of the COVID-19 pandemic, Cherry continues to see that working from home, mobile working, and distance learning are here to stay, that the trend towards more hybrid forms of working and learning has continued after the end of the pandemic, and that the level of physical presence at the workplace prior to the pandemic is no longer likely to be reached. Hybrid working will mean that for many employees two or more workstations will have to be equipped and regularly modernized, creating promising opportunities for Cherry's Office Peripherals business unit.

The security of data and other information is considered highly important, especially in certain fields such as the healthcare sector. Cherry is one of only two providers of peripherals to the German healthcare industry with certified products that will be considered for establishing a secure telematics infrastructure in Germany in the coming years. Cherry rates the resulting business opportunities for the DIGITAL HEALTH & SOLUTIONS segment as significant. In addition, Cherry sees the Security Devices business as a strategic target market that enables the use of a keyboard or mouse by means of biometric recognition methods or other exclusive access solutions. Software development for so-called IoT products and services is also set to become increasingly important going forward. Cherry has a high level of certification expertise in both of these segments, which can be seen as a competitive advantage.

In conjunction with the sale of Cherry's e-health terminals and PIN pads, the secure introduction of e-prescriptions and e-patient records offers increased sales potential, particularly for doctors' surgeries and pharmacies. Great opportunities are also arising from the incipient re-equipping of certain target groups such as nursing professionals, midwives, and physiotherapists, for whom Cherry sees a considerable need to catch up digitally.

Cherry also sees considerable potential for expanding its partner and sales structure in Europe in the field of hygiene peripherals. Following the successful market entry and initial sales results in the 2023 fiscal year, Cherry sees significant growth potential for the first full year of sales in North America. Based on this positive development, significant double-digit growth potential has been identified for the segment.



Further growth options can be exploited going forward by continuing to expand existing business areas through acquisitions and driving expansion into additional regional markets. In January 2023, Cherry completed the acquisition of the Swedish brand Xtrfy. Its product portfolio in the field of high-performance keyboards and mice for e-sports applications complements the range of offerings in the gaming sector, enabling Cherry to enter the global professional gaming sector with its brand.

Across all segments, Cherry is reorganizing sales and marketing in the USA and Canada and establishing multi-level partnerships to improve its market penetration and local presence. It is also optimizing its sales and distribution networks to increase brand presence and improve access to new customer groups. Cherry is building cooperative relationships with partners along the entire value chain in order to leverage synergies, boost efficiency, and minimize market risk. Cherry is developing specific marketing strategies that are tailored to suit the North American market in order to increase brand awareness and demand for its products. Cherry is adapting its distribution channels to maximize sales efficiency, which may include opening new retail outlets and improving its online presence. The aim is to restructure existing OEM partnerships in order to strengthen cooperation, make our market access significantly more effective, and secure competitive advantages.

The OEM business is not only a vital element with regard to switches, especially in gaming notebooks fitted with ULP switches, but also in keyboards, which are being offered as an additional business, mainly involving Cherry MX and Cherry LP switches. In the Office Peripherals business unit, the range is being expanded to include “drop in the box” solutions for desktop PCs that are sold with keyboards.

## Overall assessment of opportunities

The 2023 fiscal year was characterized by the knock-on effects of from the global COVID-19 pandemic and the war in Ukraine that began in February 2022, with all its implications such as high inflation rates, rising interest rates, high energy prices, and shifts in consumer behavior.

However, despite the impact of these two factors on the world economy and the serious market changes they caused, Cherry considers itself well positioned to generate profitable growth again going forward. Cherry continually analyzes any opportunities that present themselves with a view to rigorously exploiting those which complement its corporate strategy.

A key element of this strategy is to develop new, innovative products and software ready for the market and launch them accordingly. Cherry is also focusing on expanding its international sales network and developing a new sales strategy for North America.

In the COMPONENTS segment, the new MX2A switch gives Cherry the opportunity to gain new customers and grow market share. A gradual adjustment of the sales model, focusing more strongly on direct contracts with OEMs, can improve margins and be managed more proactively. The brand can also be positively strengthened through direct partnerships.

The GAMING & OFFICE PERIPHERALS segment offers excellent long-term potential for Cherry. The growing market in the Gaming business unit presents promising opportunities for new products that are geared to customer needs. Cherry follows this market and its developments very closely in order to satisfy consumer demand with its product innovations and thus enable the Group to perform well. With the integration of Xtrfy, Cherry has brought a premium provider into the Group structure (within the Gaming Devices business unit) with specific expertise that is creating synergy benefits across segments, coupled with innovations that can be leveraged on a broad basis. The Office Peripherals business unit is keenly interested in “drop in the box” offerings for desktop PCs that are supplied with keyboards. With its promising innovations that are helping promote growth in line with the major global trends across the sector, Cherry sees itself well prepared to take on the challenges of the future.



In the DIGITAL HEALTH & SOLUTIONS segment, Cherry has the opportunity to further increase sales volume for the relevant hardware due to the progressive digitalization of the healthcare sector and the growing market for hygienic and disinfectable computer peripherals – particularly since the COVID-19 pandemic. The e-health product market also gives Cherry the opportunity to supplement its business model – which is currently mainly limited to hardware – with software solutions going forward, thus generating recurring revenue. The collaboration with DoctorBox for the mobile use of e-prescriptions is just one example of many possible applications.

These strategic measures are aimed at further strengthening Cherry's position in the relevant markets and expanding sales activities in high-growth regions in a targeted manner. The North American market in particular offers high sales potential in the long term due to its size, combined with low penetration on the part of Cherry, as do the fast-growing Asian markets.

After the restructuring of the COMPONENTS segment, the Management Board of Cherry now considers the Group well prepared to grow again in the coming years and be profitable in the process. The markets where Cherry sees potential continue to be dominated by promising trends that open up growth prospects for the Group, mainly the global e-sports and gaming markets, working and learning from home (remote and hybrid working), the increasing importance of IT security, and the digitalization of the German healthcare system.

## 4.2. Risk report

### Risks within the Cherry Group

Cherry has developed a specific risk profile tailored to the markets in which it operates and the focus of its activities in the various business segments, particularly in product development, sales, and the manufacturing of its own products and software, which is used as the basis for identifying relevant risks.

1. Strategy and market risks
  - a. Macroeconomic and geopolitical risks
  - b. Market-related risks
  - c. Forecast risks in terms of demand behavior and revenue, etc.
  - d. Volume and sales risks
  - e. Market price risks
2. Operational risks
  - a. Process-related risks
  - b. Technical risks
  - c. Supply chain risks
  - d. IT-related risks
3. Legal and compliance risks
  - a. Compliance risks
  - b. Legal risks
  - c. Regulatory requirements regarding sustainability issues
  - d. Environmental risks
4. Financial risks
  - a. Financial and liquidity risks
  - b. Currency and interest rate risks
  - c. Default and credit risks
  - d. Creditworthiness and reputational risks
  - e. Financial reporting risks



The main risks for Cherry are presented below, based on this categorization.

### Strategy and market risks

Risk category	Probability of occurrence	Extent of damage	Risk class	Risk class (previous year)	Change compared to previous year
Risks relating to not recognizing market trends	low	medium	low	low	=
Risks relating to reduced competitiveness	low	high	medium	medium	=
Risks relating to losing cooperation partners	low	low	low	low	=
Risks relating to declining market demand	high	high	high	high	=
Risks relating to new competitors entering the market	high	medium	high	medium	>
Risks relating to market price erosion	high	medium	high	high	=
Risks relating to dependence on individual customers	medium	medium	medium	medium	=

#### Risks relating to not recognizing market trends

Cherry is exposed to the risk of not recognizing market trends in sufficient time or not correctly assessing them, which can lead to the erosion of both revenue and margins. In addition, revenue can decline in individual business units and segments. Cherry counters these risks by carrying out market studies and diligent market analyses, which are suitable for recognizing trends and developments in the various business segments at an early stage. Cherry primarily develops premium products with a functional and distinctive design. However, these risks do not exist in business with e-health products, which is subject to regulatory framework conditions. Cherry currently continues to assess the risks for the other business units as “low”.

#### Risks relating to reduced competitiveness

In recent years, the number of competitors has increased noticeably, particularly in the Asian economic region. Particularly in the keyboard switch business a number of other contract manufacturers have established themselves as serious market players. Increasing competition generates greater pressure to innovate. High-quality, technologically advanced products are needed to survive in a competitive environment of this nature. Cherry is constantly working on improving and further developing its products, designs, technological adaptations, and new products. Cherry sees

itself as a leader in terms of quality and technology in the premium segment. By investing appropriately in product development, Cherry ensures that it can offer a portfolio that stands out from the competition. Moreover, Cherry is increasingly focusing on premium products in its in-house production and looking into reducing costs through external production for more competitive segments. The risks relating to reduced competitiveness are therefore still considered to be “medium”.

#### Risks relating to a loss of cooperation partners

In order to generate synergy effects and benefit from the expertise of other companies, Cherry enters into medium- and long-term strategic partnerships in numerous areas. These may relate to the development of hardware and software solutions, for example, or to sales and marketing activities. There is a risk that existing cooperation partners may terminate or discontinue their collaboration. Cherry endeavors to ensure that synergies can be leveraged in collaborations without having to become too dependent. For this reason, these risks are still assessed as “low”.

#### Risks relating to declining market demand

The market volume of the various business units may decrease, leading to higher downward pressure on selling prices and shrinking margins. Potential reasons for



declining market volumes include general economic trends, stronger competition (especially from China), changes in customer demand, and market trends. Macroeconomic conditions were, and continue to be, significantly influenced by the impact of the COVID-19 pandemic on the economies in which Cherry primarily operates. In future, too, a downturn caused by changes in the global economic and geopolitical environment cannot be ruled out, particularly due to events such as the current wars in Ukraine and the Middle East. These risks are still considered to be “high” due to current geopolitical developments and other factors.

#### Risks relating to new competitors entering the market

Due to major social trends and developments in the IT manufacturing industry, particularly in Asia, new competitors are increasingly entering the market. With a growing number of competitors, Cherry faces the risks of falling prices and margins as well as a significant oversupply. In the last two years, this has led to strong pressure on the keyboard switch business, to which Cherry has responded by structurally realigning the segment. Continuous further development of the systems and constant innovations are necessary to secure and maintain Cherry’s competitive edge in the long term. Maintaining its own network and growing business with its existing customers will also help to strengthen Cherry’s position in the long term. The ongoing development of competition has increased these risks, which are now considered to be “high”.

#### Risks relating to market price erosion

Cherry is a medium-sized manufacturer of both keyboard switches and computer peripherals for a variety of applications and has a diversified customer structure consisting mainly of major international corporations with which it generates the majority of its revenue. However, large corporations could increasingly purchase products from other suppliers at lower market prices in order to free themselves from Cherry’s brand strength. At the same time, there is a risk of market price erosion due to the current overstocking at all known manufacturers. Cherry has responded appropriately to the price erosion of keyboard switches by implementing comprehensive restructuring measures. The general rise in prices is leading to higher prices in both the procurement markets and the sales markets. As long as both markets behave similarly, there is no increased risk of damage. A critical factor, on the other hand,

would be rising procurement prices coupled with a constant or falling price level in the sales markets for Cherry’s products. Cherry does not currently see any significant price erosion in the GAMING & OFFICE PERIPHERALS and DIGITAL HEALTH & SOLUTIONS segments. As in the previous year, these risks are rated as “high” overall.

#### Risks relating to dependence on individual customers

Due to the particular characteristics of the market segments relevant to Cherry, the loss of existing customers can lead to downturns in business volumes and have a perceptible impact on earnings. Cherry’s sales organization currently relies heavily on distributors, some of which generate 10% and more of the Group’s annual revenue. Individual customers can be lost due to factors such as insolvencies, redistribution to competitors, or economic crises. Cherry is mitigating these risks by engaging in intensive sales activities, increasing the number of sales partners, and gradually expanding its e-commerce business. Cherry is working constantly on unlocking new sales potential and expanding its portfolio of products and services. Overall, these risks are assessed as “medium” and therefore unchanged from the previous year.

#### Operational risks

With respect to operational risks, the risk of dependency on individual customers has been broken down by business unit for a more realistic year-on-year assessment. Personnel risks have also been included under operational risks, as the ability to attract and retain employees is playing an increasingly vital role.



## Operational risks

Risk category	Probability of occurrence	Extent of damage	Risk class	Risk class (previous year)	Change compared to previous year
Risks relating to the development of new markets and/or the founding or integration of new companies	low	medium	low	low	=
Risks relating to competitive innovations	high	medium	medium	low	>
Risks relating to the loss of Cherry-specific expertise	high	medium	high	medium	>
Logistics and supply chain risks	low	medium	low	medium	<
Development and project risks	low	medium	low	low	=
Risks relating to the discontinuation of products	low	medium	low	medium	<
Risks relating to dependence on individual suppliers	low	low	low	medium	<
Risks relating to changes in technical specifications	low	medium	low	low	=

### Risks relating to the development of new markets and/or the founding or integration of new companies

The Cherry Group is represented by its own subsidiaries in many countries in order to ensure sustainable economic success, to achieve its strategic goals, and to take advantage of existing market opportunities. Similar to the development of new markets, the founding or integration of a new company involves risks relating to the economic, social, technological, ecological, and legal circumstances. To mitigate these risks, Cherry always conducts comprehensive legal and business due diligence, including the use of external experts, and analyzes potential markets and market entry risks. The Cherry Group's M&A activities to date and new market entries have proven that it is able to exploit new potential and that the resulting opportunities outweigh the expected risks. The e-sports and gaming specialist Xtrfy, which was acquired in the 2023 fiscal year, was integrated in the Cherry organization as planned in the course of the year. As in the previous year, Cherry continues to assess the risks as "low".

### Risks relating to competitive innovations

Due to major social trends and developments in IT hardware, new competitors are increasingly entering the market, particularly in Asia. The growing level of competition also increases the pressure to innovate for competing companies. Cherry is therefore continuously working on further developing its products, changing product designs, and creating new products and technologies in order to further strengthen its competitive position. As the number of competitors increases, there is also a risk of oversupply, which can lead to price erosion and shrinking margins. With the expansion of its partner programs, Cherry is continuously strengthening its sales organization and aims to further improve its position by maintaining its own network and expanding business with existing customers. Compared to the previous year, these risks have been raised to "medium".

### Risks relating to the loss of Cherry-specific expertise

The experience, individual skills, professional expertise, and qualifications of Cherry's employees are of great importance to its commercial success. The loss of key personnel can have a significant impact on ongoing projects as well as on line functions and thus on the workings of the organization as a whole. Stand-in arrangements are the best way to mitigate the impact of a loss of expertise, particularly with





respect to projects and production processes. Due to the current tense financial situation of the Group, in combination with the restructuring measures and the associated knock-on effect on the remaining workforce, a higher than usual fluctuation rate must be expected at the present time. The labor market situation in Germany and particularly in the technology region around Munich remains tense. Recruiting qualified employees and retaining them in the long term has become challenging. Cherry mitigates these personnel risks by means of a long-term human resources policy, intensified human resources development measures, and a variety of additional benefits. To support its employees and their families, Cherry offers various health management services such as free health check-ups. Cherry also offers its employees a wide range of other benefits and a company collective agreement for those working at the Auerbach site. Cherry's measures help to mitigate the risks to the greatest extent possible. Due to the changed environment in connection with the restructuring process, the risks are considered to be "high", which represents an increase compared to the previous year.

#### Logistics and supply chain risks

Cherry depends on the suppliers in its supply chains to deliver their products punctually and in good quality. The majority of these products are manufactured in Asia and shipped by sea freight to Germany and the United States. In principle, there is a risk that such products could be lost in full containers or arrive late due to transport delays, thus impairing Cherry's ability to deliver. There is also a certain risk that supply chains may be temporarily disrupted or interrupted by external factors, as was the case during the COVID-19 pandemic. To ensure Cherry's ability to deliver at all times, inventory levels have been strategically adjusted and supply chains optimized. Nonetheless, risks relating to Cherry's ability to deliver cannot be completely ruled out. The residual risk is assessed as "low" and has decreased compared to the previous year.

#### Development and project risks

Cherry is constantly working on the further development of its product range in order to strengthen its competitive position and make the best possible use of growth potential. Moreover, Cherry attaches great importance to high-quality and technologically leading products, which is why development is primarily carried out in-house. Research and development involve a great deal of investment. Risks generally arise

either from the failure of projects or from the failure of fully developed products to achieve the expected level of demand or sales volume in the market and therefore to recover the investment. Cherry counters these risks by conducting extensive market and competition analyses and reviews the feasibility of individual projects. Cherry also has its own technology hubs and works together with cooperation partners in some cases. As in the previous year, the risks relating to incorrect product decisions are considered to be "low".

#### Risks relating to the discontinuation of products

Price and cost fluctuations in procurement markets are often due to component shortages and difficulties in the supply of raw materials. Microchips and semiconductor products are particularly exposed to this risk. Risks may also arise from major fluctuations in the cost of materials, due in part to the ongoing crises as well as the discontinuation of assembled parts and components. Cherry mitigates these risks by entering into framework agreements, early stockpiling, and employing professional materials management strategies. In order to ensure delivery capability, correspondingly high inventory levels are maintained as deemed appropriate. The current situation in the procurement markets poses risks that should not be underestimated. Cherry has a diverse procurement policy and certifies various suppliers in order to reduce its dependence on individual suppliers. Compared to the previous year, the risks have been reduced to "low" due to greater supplier diversification.

#### Risks relating to dependence on individual suppliers

Cherry procures raw materials and components for the production of its own keyboard switches and computer peripherals from a number of suppliers. Cherry also works with contract manufacturers to make certain products. Risks relating to dependence on individual suppliers can arise when Cherry only has a single source of supply for a particular material or product and a change of supplier is not possible at short notice, is very time-consuming, or involves high costs. Cherry mitigates these risks by selectively establishing multi-supply solutions for critical materials and items to prevent its business from being too severely impacted by the loss of a supplier. Compared to the previous year, these risks have been reduced to "low".



## Risks relating to changes in technical specifications

Risks arising from changes in standards and regulations relating to Cherry's assembled parts, components, and products can result in damage due to a loss in value of the goods concerned as well as costs for reworking and recertification, if required. These risks can be mitigated by means of timely checks, long-term scheduling, and planning geared towards generating benefits for the customer. It is, however, not possible to eliminate such risks completely. Nonetheless, based on past experience, Cherry continues to assess the risks as "low".

## Legal and compliance risks

Risk category	Probability of occurrence	Extent of damage	Risk class	Risk class (previous year)	Change compared to previous year
Risks relating to sanctions from US and EU legislation	low	low	low	medium	<
Risks relating to legal disputes and breaches of antitrust law	low	medium	low	low	=
Risks relating to the infringement of trademark rights and intellectual property	low	medium	low	low	=
Risks relating to fraud, cybercrime, and data security	low	high	medium	medium	=
Risks relating to a breach of data protection legislation	low	medium	low	low	=

## Risks relating to sanctions from US and EU legislation

In view of the economic sanctions imposed on companies and nationals of the Russian Federation and its allies, there is an increased risk of non-compliance with relevant sanctions. Cherry's procurement and sales activities do not include the sanctioned areas. The legal department carefully screens all customers and suppliers. Nonetheless, indirect deliveries to sanctioned areas cannot be entirely ruled out, nor can the misuse of Cherry products. Cherry considers the existing risks to be "low" due to the organizational measures it has taken and further intensified over the course of the fiscal year as well as the checks conducted by the legal department. The risks are therefore lower than one year earlier.

## Risks relating to legal disputes and breaches of antitrust law

In the course of their usual business activities, Cherry SE and its subsidiaries are continually confronted with legal risks. These can result from legal disputes as well as from the infringement of applicable laws and regulations. Cherry is currently involved in very few legal disputes. An in-house legal department was successfully established as planned in the 2023 fiscal year. Legal proceedings are supported by the Cherry Group's own lawyers. The legal department also monitors all contracts and agreements and conducts compliance training on a regular basis. Cherry does not expect the outcome of any currently pending proceedings to have a material adverse impact on business operations. However, asserted claims and legal disputes



are naturally subject to uncertainties, making it difficult to reliably estimate their financial impact and thus the current assessment may change at any time. Overall, these risks are assessed as “low” and therefore unchanged from the previous year.

### Risks relating to the infringement of trademark rights and intellectual property

Like most other companies, Cherry has registered and protected trademarks as well as patent rights. There is a certain risk that the development of new products and brands might unknowingly infringe the intellectual property rights of other companies. This could result in damage to the Group, including in the form of compensation payments, license fees, and bad investments. Cherry counters this risk with a comprehensive search of existing intellectual property rights and employs staff who specialize in trademark and patent law. Cherry greatly emphasizes the importance of business etiquette and compliance. In the event of legal disputes, Cherry is represented by its own legal department and also by specialized lawyers as the need arises. Overall, these risks continue to be assessed as “low”.

### Risks relating to fraud, cybercrime, and data security

In view of the growing incidence of cybercrime, there is an increased risk of a security incident that involves data loss and/or manipulation due to intrusion by an unauthorized third party via the infrastructure used, such as the network, software, or tools. There is also the risk of a targeted attack in order to steal data or blackmail the

Cherry Group by the misuse of data encryption. Despite the implementation of extensive technical and organizational measures and the recurring awareness-raising of employees through training, residual risks involving a significant extent of damage cannot be completely ruled out. Thanks to the two-factor authentication and other security measures that are constantly being updated and improved, Cherry considers itself well equipped to tackle all types of cybercrime. Due to restricted access to the business premises, comprehensive internal controls, and regular compliance training, the relocation of IT systems to a cloud-based environment and other security-related measures, Cherry continues to classify the overall risks from fraud and cybercrime as “medium”.

### Risks relating to a breach of data protection legislation

Cherry works with personal data in many areas of the Group, mainly relating to customers, suppliers, and its own employees. In the course of day-to-day work, there is a certain risk of personal data becoming accessible to unauthorized third parties. In addition to targeted hacking attacks, this could also happen through the careless use of data by employees. Cherry takes comprehensive measures to prevent the misuse of personal data, including authorization concepts, regular data protection training, and support provided by an external data protection agency. Cherry continues to see itself as well prepared in this respect and classifies the risks overall as “low”.

### Financial risks

Risk category	Probability of occurrence	Extent of damage	Risk class	Risk class (previous year)	Change compared to previous year
Interest rate and liquidity risks relating to loans	low	medium	very high	medium	=
Tax-related risks	low	medium	low	low	=
Liquidity risks relating to working capital	low	medium	low	medium	<
Price increase and inflation risks	high	low	medium	high	<



## Interest rate and liquidity risks relating to loans

In the 2023 fiscal year, Cherry made use of a variable-interest loan provided by UniCredit Bank GmbH to partially finance its working capital. The loan was subject to contractual agreements stipulating compliance with certain covenants, which were not adhered to in the third quarter. For this reason the bank was entitled, at that stage, to demand early repayment of the drawn-down credit of over EUR 45 million. With a waiver agreement for the third quarter – which was concluded on December 21, 2023 and included a reduction of the short-term loans by EUR 10 million as well as an adjustment of the other conditions – the risk of a short-term loss of liquidity was initially mitigated. As the covenants were also not complied with in the fourth quarter, the bank once again had the right to demand early repayment of the outstanding amount as of December 31, 2023. To ensure the continued financing of Cherry's business activities, negotiations were held with UniCredit Bank GmbH to amend the existing credit agreement. The contractual amendment was signed by both parties on May 3, 2024. For this reason, a liquidity or interest rate risk from the bank loan currently has no significant impact on the Group's net assets, financial position and results of operations. As a result of the amended credit agreement, liquidity risks in conjunction with loans are still considered to be "medium."

## Tax-related risks

The Cherry Group operates in various countries around the world and is therefore subject to numerous tax regulations. Due to different interpretations, particularly regarding cross-border issues and in the financial administrations of the various jurisdictions, negative effects on the Group's net assets, financial position and results of operations cannot be ruled out, particularly if the Group unknowingly fails to comply with the regulations. However, based on past experience, Cherry currently still considers this risk to be "low".

## Liquidity risks relating to working capital

In the current situation (e.g. speed of change in procurement markets), Cherry has secured both its ability and obligations to deliver to customers by holding high levels of inventories and is also able to mitigate risks arising from higher price levels. Nonetheless, inventories tie up capital and can have a negative impact on liquidity. For this reason, measures were successfully implemented to systematically reduce

inventories over the course of the 2023 fiscal year. Liquidity risks also arise from pre-financing, as contractually agreed payment terms can change adversely over time. Credit default losses are mitigated through active receivables management. As a matter of principle, the Group only concludes transactions with recognized, credit-worthy third parties. All customers who wish to do business with the Cherry Group on a credit basis are subject to a creditworthiness check. The majority of Cherry's customers are commercial customers, usually wholesalers and retailers operating in the electronics industry. The percentage of business transactions with private customers is low. Business with private customers does not entail any default risks, as the goods are only dispatched once payment has been received. Identifiable default risks relating to business customers are covered by specific allowances and have not been material to date. Due to the comprehensive measures and controls in place, Cherry currently assesses the liquidity risks arising from inventory build-up, pre-financing, and overdue receivables as "low", which corresponds to a reduction compared to the previous year.

## Price increases and inflation risks

The market risks discussed above – such as the dynamic pace of change, shorter discontinuation intervals for components, and rising prices on procurement markets – are also exacerbated by inflation risks. Moreover, personnel costs are negatively impacted by inflation. Cherry takes measures to help mitigate the impact of price increases and rising inflation. However, it is not possible to influence the actual cause of inflation. In particular, the high level of inflation in the 2023 fiscal year will lead to further increases in wages and salaries. Cherry closely monitors the productivity of each site and the cost development and compares them with one another. Cherry does not operate in markets with above-average inflation risks, such as Turkey or South America. Cherry mitigates the risk of price increases with a diversified procurement system. The high inflation rates seen on global markets over the past year have come down significantly of late. The risks of price increases and inflation are therefore rated as "medium" and are lower than one year earlier.



## Overall assessment of the risk situation

Cherry has a well-balanced opportunity and risk profile.

In the COMPONENTS segment, a revival of the business with keypad switches, in particular due to the relocation of MX2 production to a Chinese contract manufacturer offers opportunities for the Group's growth and profitability. The move will result in significant cost reductions and enable Cherry to offer competitive pricing in the volume segment. With the launch of new gaming and office notebooks by various OEMs, Cherry also expects increasing sales potential for its ULP switches, with which it has a unique selling point in the relevant market for premium products.

Growth in the PERIPHERALS segment continues to be driven by ongoing trends in the areas of hybrid working, gaming, and e-sports. The further globalization of the business model, the gradual expansion of the e-commerce strategy through the integration of additional marketplaces, and a stronger focus on the North American market continue to offer excellent potential for growth.

In the DIGITAL HEALTH & SOLUTIONS segment, sales of e-health products will benefit from the mandatory introduction of new, specialized applications for use in the telematics infrastructure in 2024 (e-prescription, electronic patient record). There are also opportunities in this area to complement the hardware offering with suitable software solutions going forward and to implement rental models in order to generate recurring sources of revenue in the medium term. The demand for hygienic, disinfectable computer input devices is very high – not least due to the COVID-19 pandemic. Launching these products on the North American market promises additional sales potential.

All three of Cherry's segments are therefore well placed to drive revenue growth and increase their profitability.

Nonetheless, Cherry is exposed to a number of risks.

The financial risks mainly relate to the Group's liquidity. Cash and cash equivalents were roughly halved over the course of the year, mainly due to the net loss for the year under report, the increase in working capital, investments made, and the repayment

of lease liabilities. These circumstances and the result for the year meant that the covenants of the credit agreement with UniCredit Bank GmbH, through which Cherry SE refinances itself, were not complied with as of December 31, 2023. As a result, the lender had the right to demand early repayment of the outstanding credit amount as of the end of December 31, 2023. To ensure the continued financing of Cherry's business activities, an amendment to the existing credit agreement was negotiated with UniCredit Bank GmbH and signed by both parties on May 3, 2024. For this reason, there is no longer any risk of a short-term loss of liquidity due to the bank demanding early repayment. Nevertheless, the financial situation deteriorated over the course of the year under report, which had a negative impact on the risk-bearing capacity and the options for alternative refinancing.

Moreover, operating risks are currently higher due to the loss of Cherry-specific expertise. The economic situation of the Cherry Group as well as the ongoing restructuring measures can sometimes lead to uncertainty among employees and thus to a temporary increase in the fluctuation rate. Due to the current tense situation on the labor market, it may be difficult to fill key positions with high-quality replacements at short notice. Cherry mitigates these risks with a long-term human resources policy, intensified personnel development measures, and various additional benefits. Cherry strives to be an attractive employer in order to attract and retain talented staff.

Cherry is also exposed to market risks, which can have an impact on its revenue and margins. In recent years, the number of competitors has increased significantly, particularly in Asia and in the keyboard switch business. The situation resulted in Cherry losing its competitive edge in the relevant volume segment of MX1 switches. Cherry is countering this risk by strategically restructuring the segment and relocating the production of the MX2 switch installed in Cherry partner products to China. Increased competition can lead to oversupply and, as a result, to revenue erosion. Moreover, the current high inflation rates could lead to lower margins if future procurement cost increases cannot be passed on to customers. Customer demand could also decline due to the economic, macroeconomic, or geopolitical situation.

Cherry's risk-bearing capacity is considered to be sufficient. The Cherry Management Board considers the identified risks to be limited and manageable. No risks have been identified which, either individually or taken as a whole, could jeopardize the going-concern status of the Group.



## 5. OUTLOOK REPORT

### 5.1. Macroeconomic and sector-specific outlook

Global economic growth continues to be significantly impacted by geopolitical and economic uncertainties. A number of the world's leading economies will need to tighten their fiscal policies in order to restore the necessary budgetary headroom and curb rising debt, which could, in turn, lead to slower growth. Restrictive monetary policy and the withdrawal of fiscal support for the economy as well as low productivity growth are likely to keep global economic growth in 2024 and 2025 below the historical annual average of 3.8%.

Globally, the IMF expects economic growth to remain stable at 3.1% in 2024 and to recover slightly to around 3.2% in the following year. In the advanced economies, the IMF predicts a slight decline in growth from 1.6% to 1.5% in 2024, while growth in the group of emerging and developing economies is expected to remain at 4.1%.

In Cherry's key production and sales regions, the IMF forecasts economic development as follows: weak growth of 0.5% in Germany (2023: -0.3%) and 0.9% in the eurozone (2023: 0.5%). Weaker growth rates are also expected in the USA at 2.1% (2023: 2.5%) and in China at 4.6% (2023: 5.2%). In the Association of Southeast Asian Nations (ASEAN: Indonesia, Malaysia, Philippines, Thailand, Vietnam) the pace of growth could increase to 4.7% (2022: 4.2%).

#### Sector-relevant perspectives

In the GAMING & OFFICE PERIPHERALS, DIGITAL HEALTH & SOLUTIONS, and COMPONENTS segments, Cherry continues to forecast divergent market developments and sector-specific conditions. Evidence-based decisions and the strategic development of the respective segments are drawn from both internal and external analyses of segment-specific market developments.

Product development and sales opportunities in the GAMING & OFFICE PERIPHERALS segment are driven by the overall global market for gaming and e-sports. Market researchers anticipate varying trends for individual product categories and applications. However, all the analyses see fundamental opportunities for growth.

For example, in its "Global Games Market Report", the market research institute Newzoo estimates that the number of players worldwide will increase at a compound annual growth rate (CAGR of 4.3% to 3.8 billion by 2026. The overall market is therefore likely to stabilize further after the upheavals of the pandemic and generate revenue of USD 205.4 billion.

In the gaming peripherals market relevant for the GAMING & OFFICE PERIPHERALS segment, the "Global Gaming Peripherals Market Outlook" report published by Expert Market Research in December 2023 forecasts a CAGR of 10.3%, with the size of the market growing from USD 5.38 billion to USD 13 billion by 2032. According to the report, market growth is being largely driven by the rise in popularity of e-sports.

The market for keyboard switches is likely to stabilize in 2024. The market segment for mechanical keyboard switches in particular has grown steadily in recent years, driven by the rising demand for durable, high-performance keyboards among gamers, programmers, and creators. According to Statista, worldwide revenue in the keyboard market is estimated at USD 4.9 billion for 2024 and expected to grow continuously each year up to 2028. In Germany, the keyboard market is expected to generate revenue of approximately USD 118 million in 2024. However, the largest sales market is China with USD 1.2 billion. Up to 275.6 million units are expected to be sold worldwide per year by 2028, which corresponds to a CAGR of 1.74% up to 2028. With high production capacities and favorable prices, China is also set to retain its dominant position as a production location and export market.

The DIGITAL HEALTH & SOLUTIONS segment is likely to see a saturation of the hardware market and a resulting slowdown in sales opportunities in the foreseeable future (see Review 2023). Apart from the replacement business and technological advancements, such as in card terminals, greater development potential is likely in areas such as software development, software as a service (SaaS), and cloud services. With the momentum of digitalization, Cherry is ideally positioned to leverage business potential for sustainable, profitable growth.



## 5.2. Business performance outlook for the Cherry Group

In the 2024 fiscal year, the Management Board still expects the implementation of the restructuring, cost-cutting, and transformation measures that have already been announced and initiated to lead to an improvement in the Cherry Group's financial situation. Against this backdrop, the Management Board forecasts Group revenue in the region of EUR 140 to 150 million and an adjusted EBITDA margin within the range of 7% to 8%. This represents a year-on-year increase of around 11% to 19% for Group revenue (2023: EUR 126.5 million) and approximately 5% to 6% for the adjusted EBITDA margin (2023: 1.6%).

The outlook for the 2024 fiscal year was announced on February 27, 2024, at which stage an outlook for the first quarter was also provided. Group revenue of around EUR 29.0 million was forecast for the three-month period, which is roughly at the same level as one year earlier (EUR 28.7 million). Based on this projected level of quarterly revenue, the adjusted EBITDA margin is expected to break even and thus reach a profitability level that is significantly higher than the corresponding figure reported for the previous year (January–March 2023: -4.6%).

The preliminary figures for the first quarter were announced on April 26. With Group revenue of EUR 30.3 million and an adjusted EBITDA margin of 2.8%, Cherry exceeded its own expectations.

The Management Board sees 2024 as a year of revitalization for Cherry SE. In the COMPONENTS segment, Cherry intends to return to the path of revenue growth through market-driven technology and price points for the MX2 and ULP generations of switches. A renewed improvement in the utilization of production capacities will also help drive the return to profitability. In its largest segment, GAMING & OFFICE PERIPHERALS, Cherry intends to further consolidate its sales approach in its core European markets. Moreover, office and gaming activities will be gradually expanded in the USA, Canada, and China. For these purposes, the intention is to secure profitability by entering into multi-level sales partnerships. The DIGITAL HEALTH & SOLUTIONS segment is expected to receive a strong boost from both the e-prescription (of which more 52 million have already been issued according to Gematik) and the electronic patient record (which is to be made available to everyone with public health insurance as of January 1, 2025). In addition, demand for hygiene-related products in the medical sector continues to grow.

The Management Board remains firmly committed to achieving the target of an adjusted EBITDA margin of at least 20% in the medium term. The recovering momentum of revenue growth driven by innovation and market relevance as well as the perceptible impact of comprehensive cost management should enable us to achieve our profitability target within the next two to four years. Even after the successful restructuring of the components business, the Cherry Group will continue with its policy of strict cost and cash management. In order to further optimize performance management, reporting has been converted to product-based segmentation.

The Cherry Group is also working to significantly improve its cash performance. The focus here is on proactive working capital management, which concentrates on reducing inventories and optimizing trade receivables. Cherry intends to use part of the resulting improved liquidity to invest in strategic and innovative projects.

## 6. OTHER DISCLOSURES

### 6.1. Takeover-relevant disclosures (Section 289a, Section 315a (1) HGB)

1. As of December 31, 2023, Cherry SE's subscribed capital comprised the following: Cherry's share capital amounted to EUR 24,300,000.00 divided into 24,300,000 no par value bearer shares. All shares carry the same rights and obligations. The rights and obligations of the shareholders are set out in detail in the provisions of the German Stock Corporation Act (AktG), particularly Sections 12, 53a et seq., 118 et seq., and 186.
2. Any Cherry SE shares held either directly or indirectly by members of the Management Board are subject to a restriction on sale during the term of the respective employment contract. The Cherry SE shares that were transferred to the owners of Xtrfy Gaming AB (Landskrona, Sweden) with value date January 17, 2023 are subject to a lock-up period until January 16, 2025. The Management Board is not aware of any further limitations affecting voting rights or the transfer of shares.
3. According to a voting rights notification received by Cherry SE on July 30, 2021 as well as internal notifications to Cherry SE from individual investors that are not subject to disclosure requirements, the following direct shareholding exceeds 10% of the voting rights: Cherry TopCo S.à.r.l. (Argand Partners Fund GP-GP, Ltd.): 30.79%.



4. There are no shareholders with special rights conferring powers of control.
5. There are no controls over voting rights relating to shares held by employees.
6. The appointment and dismissal of members of the Management Board is governed by Sections 84 and 85 of the German Stock Corporation Act (AktG) and Article 7 of the Articles of Association of Cherry SE. The Management Board consists of one or more members. The Supervisory Board determines the number of members on the Management Board. The Supervisory Board may appoint a Chairman of the Management Board and also a Deputy Chairman. The Supervisory Board appoints members of the Management Board, concludes employment contracts, revokes appointments, and also amends and terminates employment contracts. The Supervisory Board may issue rules of procedure for the Management Board. The members of the Management Board are appointed by the Supervisory Board for a maximum period of five (5) years. Reappointments are permissible.
7. In accordance with the resolution of the Annual General Meeting held on June 11, 2021, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of Cherry SE by up to EUR 10,000,000.00 by issuing up to 10,000,000 new no par value bearer shares in return for cash contributions and/or contributions in kind (Authorized Capital) on or before June 10, 2026. The authorization may be exercised either once or several times in partial amounts, but only up to EUR 10,000,000.00 in total. Shareholders are fully entitled to subscription rights. If capital increases are made against cash contributions, the shares may also be underwritten by banks or companies designated by the Management Board as defined in Section 186 (5) sentence 1 of the German Stock Corporation Act (AktG), subject to the obligation to offer them to the shareholders for subscription.

In accordance with the resolution of the Annual General Meeting on June 23, 2021, the Management Board is authorized, with the approval of the Supervisory Board, to acquire treasury shares in the Company until June 22, 2026 up to a total of 10% of the Company's share capital existing at the time the resolution is adopted or – if one of these values is lower – at the time this authorization takes effect or at the time this authorization is exercised. The authorization may be exercised for any legally permissible purpose. The Management Board is required to inform the Annual General Meeting in each case of the use of the authorization, stating in particular the reasons for and purpose of the acquisition of treasury shares, the number of shares acquired, and the amount of share capital attributable to them, the proportion of share capital, and the equivalent value of the shares. On June 9,

2022, the Management Board resolved, with the approval of the Supervisory Board, to launch a share buyback program using this authorization ("Share Buyback Program 2022"). Under the above share buyback program, up to 2,000,000 Cherry shares (corresponding to up to approximately 8.2% of the Company's current share capital) were authorized for repurchase in the period from June 13, 2022 to June 30, 2023 at a total purchase price not exceeding EUR 25.0 million (excluding incidental acquisition costs). As of December 31, 2023, Cherry had repurchased a total of 1,344,422 of its own shares under the terms of the "Share Buyback Program 2022", 437,305 of which were repurchased during the 2023 fiscal year. 234,138 Cherry shares were used as a purchase price component during the acquisition of Xtrfy. As of December 31, 2023, Cherry held 1,110,284 treasury shares, equivalent to approximately 4.6% of its share capital.

By resolution of the Annual General Meeting held on June 23, 2021, Cherry SE's share capital was conditionally increased by up to EUR 10,000,000.00, divided into up to 10,000,000 no par value bearer shares (Conditional Capital 2021/1). The Conditional Capital increase may only be executed if the holders or creditors of option or conversion rights – or those required to convert/exercise options arising from bonds with warrants and/or convertible bonds, profit participation rights and/or participating bonds issued against cash or non-cash contributions (or combinations of these instruments) that have been issued or guaranteed by Cherry SE or by a subsidiary of Cherry SE by June 22, 2026, based on the authorization given to the Management Board by resolution of the Annual General Meeting held on June 23, 2021 – exercise their option or conversion rights or, if they are required to convert/exercise options, actually fulfill their obligation, or if Cherry SE exercises an option to grant shares in the Company in whole or in part instead of payment of the cash amount due. The Conditional Capital increase will not be executed if a cash settlement is granted or treasury shares, shares from authorized capital, or shares in another listed company are used to service the issue. The new shares shall be issued at the option or conversion price, which is to be determined in each case in accordance with the above authorization resolution. The new shares shall participate in profits from the beginning of the fiscal year in which they are created. To the extent legally permissible, the Management Board may, with the approval of the Supervisory Board, determine the profit participation of new shares in deviation from this and from section 60 (2) sentence 3 AktG, including for a fiscal year which has already expired.





8. The loan agreements of Cherry SE do not contain any change-of-control clauses that grant the lenders an extraordinary right of termination. However, there is a change-of-control clause in the credit agreement with UniCredit Bank GmbH, which provides for the possibility of early repayment of the outstanding loan amount (EUR 45.0 million as of December 31, 2023).
9. Cherry SE has not entered into any compensation agreements, either with members of the Management Board or with employees, regarding termination of employment in the event of a takeover offer.

### 6.2. Remuneration Report pursuant to Section 162 of the German Stock Corporation Act (AktG)

The Remuneration Report for the 2023 fiscal year is published on the Cherry website at <https://ir.cherry.de/home/corporate-governance/>.

### 6.3. Corporate Governance Statement and Non-financial Report pursuant to Sections 289f, 315b (3), 315c and 315d of the German Commercial Code (HGB)

The Corporate Governance Statement and the Non-financial Report for the 2023 fiscal year are published on the Cherry website at <https://ir.cherry.de/home/corporate-governance/>.

### 6.4. Internal control system and risk management system relating to the Group financial reporting process

Pursuant to Sections 289 (4) and 315 (4) of the German Commercial Code (HGB), Cherry SE is required to describe the main features of its financial reporting-related internal control and risk management system in the Management Report. At the time of the IPO on June 29, 2021, Cherry SE was still in the process of setting up a comprehensive internal control system (ICS) and risk management system (RMS). By the end of the 2023 fiscal year, significant progress had been made in this respect, particularly with regard to the risk management system. Significant improvements were also made to the internal control system in 2023.

The internal control and risk management system is not statutorily defined with regard to the financial reporting process. We understand the ICS and RMS as a comprehensive system and follow the definitions set out by the Institute of Public Auditors

in Germany (IDW), based in Düsseldorf, for the financial reporting-related ICS and RMS. Accordingly, the ICS is understood to comprise the principles, procedures, and measures introduced by the management team throughout the Group and aimed at the organizational implementation of management decisions:

- To ensure the effectiveness and efficiency of business activities (this also includes the protection of assets, including the prevention and detection of asset misappropriation)
- To ensure the propriety and reliability of internal and external financial reporting processes
- To ensure compliance with the legal provisions applicable to the Group

The RMS comprises the entirety of all organizational regulations and measures for identifying risks and dealing with the risks that corporate activity entails.

The following structures and processes have been put in place across the Group with regard to the financial reporting processes of consolidated companies:

The Management Board bears overall responsibility for the ICS and RMS with regard to the Group's financial reporting process.

The basis of data used to prepare the consolidated financial statements is the financial information reported by Cherry SE and its subsidiaries, which in turn is based on the transactions recorded in the respective entities. The subsidiaries' financial information is prepared either on a localized basis by the respective subsidiary itself or by external third parties. Moreover, we rely on the support of external service providers for certain topics that require specialist knowledge (for example, the valuation of pension obligations). The consolidated financial statements are prepared on the basis of information reported by the subsidiaries. The consolidated financial statements are prepared using certified consolidation software. Furthermore, the required steps are carried out using the dual control principle. For this reason, the Consolidation department has been strengthened with additional personnel.

The principles, structural and procedural organization, and processes of the financial reporting-related ICS and RCS are set out in a manual and adapted in line with current external and internal developments at regular intervals.



With regard to the financial reporting processes of the consolidated companies and the Group financial reporting process, we consider those features of the ICS and RMS to be material that could have a significant impact on the consolidated financial statements and the overall presentation of the consolidated financial statements, including the combined management report.

The principal elements are as follows:

Key risk and control areas relevant to the financial reporting process shall be identified.

Monitoring controls shall be carried out to monitor the financial reporting process and their results reported on at Management Board level at regular Management Board meetings.

Preventive control measures shall be implemented in the Group's finance and accounting system as well as in operational, performance-related corporate processes that generate information vital for the preparation of the consolidated financial statements including the combined management report, including the separation of duties, and predefined approval processes in relevant areas.

Standardized financial reporting processes shall be ensured, in particular by means of a Group financial accounting manual.

Financial reporting data shall be regularly checked for completeness and accuracy on a random basis.

The subsidiaries shall report on a monthly basis to the parent company on the course of business and send monthly financial statements for this purpose. Measures shall be in place to ensure the proper IT-supported processing of financial reporting-related facts and data.

Accordingly, the Management Board of Cherry SE made it a top priority to further expand the ICS and RMS in the 2023 fiscal year as well as in subsequent years and to improve and automate it with the support of IT systems.

The Management Board of Cherry SE is responsible for the extent and the structuring of the ICS, taking the specific requirements of the Cherry Group duly into account. Monitoring the effectiveness of the ICS is one of the duties of the Supervisory Board of Cherry SE, which receives regular reports from the Management Board regarding the current and desired status of the ICS and the results of internal control and monitoring measures. Together with the Supervisory Board, the Management Board reviews the appropriateness, effectiveness, and functionality of the ICS within the Cherry Group and currently performs these duties by means of various informational, audit, and reporting formats. Its reviews are based on a risk-oriented reporting system managed by Risk Controlling, which also regularly ensures that checks are carried out at subsidiaries. In addition, the Accounting and Controlling departments check for compliance with financial accounting guidelines.

With regard to authorizations to sign for banks, the Treasury team has implemented a set of stringent measures, including FRAUD prevention by functionally segregating authorizations and signing levels as well as introducing a triple approval system for any master data changes involving bank details.

The financial reporting-related ICS comprises principles, procedures, and measures to ensure the effectiveness, efficiency, and correctness of financial reporting and to ensure compliance with the relevant laws and standards, and is subject to continuous further development. For the purposes of preparing the consolidated financial statements, the ICS serves in particular to ensure the correct application of International Financial Reporting Standards (IFRS) as endorsed by the European Union and the application of the additional requirements of German commercial law pursuant to section 315 e of the German Commercial Code (HGB). For the purposes of preparing the separate financial statements and the management report, the ICS additionally helps to ensure compliance with the provisions of commercial law.

Any ICS must always take into account that, regardless of its structure, it cannot provide absolute certainty that material inaccuracies in the financial statements will be prevented or detected. This could be caused, for example, by incorrect discretionary decisions, inadequate controls, or criminal acts.

In order to mitigate these potential risks and causes and ensure compliance with Group regulations and processes, Cherry SE plans to call on external support for internal audit tasks if necessary.



The following assertions relate to fully consolidated subsidiaries of Cherry SE, where Cherry SE has the power, either directly or indirectly, to govern the operating and financial policies of those entities so as to obtain benefits from their activities.

The responsibilities of Cherry SE's RMS include defining measures to identify and assess risks, mitigating them to an acceptable level, and monitoring the identified risks.

Risk management requires organized planning and action to deal appropriately with uncertainties and risks and encourages employees to make use of regulations and tools to ensure compliance with risk management principles. In addition to operational risk management, it also includes the systematic early identification, management, and monitoring of risk.

Specific financial reporting-related risks may arise, for example, in connection with the conclusion of unusual or complex transactions. Furthermore, business transactions that are not routinely processed are subject to a latent risk. As a matter of necessity, a limited number of people throughout the organization are granted discretionary powers in the context of the recognition and measurement of assets and liabilities, which may result in further financial reporting-related risks.

The financial reporting-related ICS comprises internal controls defined on the basis of risk aspects for the processes relevant to financial reporting as well as the processes supporting the IT systems. IT security, change management, and operational IT processes are of particular importance in this respect. Organizational, preventive, and detection controls are applied, which can be both IT-based and manual. The high qualification of employees, their regular training, a dual control principle at the very least, and the functional separation of administrative, executive, and approval processes are indispensable for the effectiveness and efficiency of the financial reporting-related ICS for the Cherry Group. The Group Accounting department and other accounting departments are responsible for managing the financial reporting processes.

Laws, financial reporting standards, and other documents are continuously analyzed with regard to their relevance and impact on financial reporting. Relevant requirements are recorded and communicated in the Group's financial reporting guidelines and form the basis for preparing the financial statements. In addition, supplementary

procedural instructions such as accounting memos, intracompany transfer price guidelines, standardized reporting formats, IT systems, and Group consolidation software connected via an automated interface ensure that these requirements are met uniformly throughout the Group. The Group's companies are responsible for ensuring that their financial reporting-related processes and systems operate correctly and promptly, and are supported in this endeavor by the accounting departments of the Cherry Group's various subsidiaries as well as by external service providers.

Moreover, workflow management software was implemented during the 2023 fiscal year, which helped to make the reporting processes significantly more efficient and effective.

The overriding objective of Cherry SE's financial reporting-related internal control and risk management system is to ensure the correctness of financial reporting regarding the compliance of the consolidated financial statements and the combined management report with all relevant statutory provisions.

The Group has also implemented an RMS in relation to the Group-wide financial reporting process, which includes measures to identify and assess significant risks as well as corresponding risk-mitigating measures to ensure the correctness of the consolidated financial statements.



# 03 Consolidated Financial Statements

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68 Consolidated Statement of Comprehensive Income

69 Consolidated Statement of Financial Position

71 Consolidated Statement of Cash Flows

72 Consolidated Statement of Changes in Equity

73 Notes



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousand	Note	2023	2022
Revenue	8.1	126,461	132,514
Cost of sales		-123,777	-95,644
Gross profit		2,684	36,870
Marketing and selling expenses		-43,684	-19,330
Research and development expenses		-15,749	-9,042
Administrative expenses		-18,693	-15,221
Other operating income	8.2	1,028	1,976
Other operating expenses	8.5	-837	-1,856
Impairment of goodwill	6.2	-55,866	-29,882
Operating result before interest and taxes (EBIT)		-131,116	-36,485
Financial result	8.6	-2,691	-1,863
Earnings before taxes (EBT)		-133,807	-38,348
Income taxes	8.7	6,926	2,620
<b>Group net loss</b>		<b>-126,881</b>	<b>-35,728</b>
Undiluted (basic) earnings per share (in EUR)	8.8	-5.45	-1.49
Diluted earnings per share (in EUR)	8.8	-5.45	-1.49
<b>Income and expenses not recognized through profit or loss</b>			
€ thousand	Note	2023	2022
<b>Other comprehensive income that will be reclassified subsequently to profit or loss</b>		<b>-2,385</b>	<b>917</b>
Foreign currency translation of financial statements of foreign entities	7.1	-2,385	917
<b>Other comprehensive income that will not be reclassified subsequently to profit or loss</b>		<b>15</b>	<b>86</b>
Actuarial gains and losses	7.1	10	121
Other changes	7.1	5	-35
<b>Income and expenses not recognized through profit or loss</b>		<b>-2,370</b>	<b>1,003</b>
<b>Total comprehensive income for year</b>		<b>-129,251</b>	<b>-34,725</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### ASSETS

€ thousand

	Note	Dec. 31, 2023	Dec. 31, 2022
<b>NON-CURRENT ASSETS</b>			
Intangible assets	6.2	79,685	158,663
Property, plant and equipment	6.1	7,347	24,109
Right-of-use assets	6.3	7,262	14,553
Financial assets		90	-
Other non-financial assets	6.5	10	12
Deferred taxes	7.6	3,283	4,938
<b>Total non-current assets</b>		<b>97,677</b>	<b>202,275</b>
<b>CURRENT ASSETS</b>			
Inventories	6.4	62,446	65,021
Trade receivables		30,611	16,348
Current income tax receivables		668	346
Other non-financial assets	6.5	1,069	2,228
Cash and cash equivalents	10.	46,083	92,848
<b>Total current assets</b>		<b>140,877</b>	<b>176,791</b>
<b>Total assets</b>		<b>238,554</b>	<b>379,066</b>



## EQUITY AND LIABILITIES

€ thousand

	Note	Dec. 31, 2023	Dec. 31, 2022
<b>EQUITY</b>			
Subscribed capital	7.1	23,190	23,393
Capital reserves		257,324	257,585
Accumulated deficit		-160,894	-34,012
Accumulated other comprehensive income		2,489	4,860
<b>Total equity</b>		<b>122,109</b>	<b>251,826</b>
<b>NON-CURRENT LIABILITIES</b>			
Pension provisions	7.2	178	718
Other provisions	7.3	767	765
Financial debt	7.5	226	45,278
Lease liabilities	6.3	15,457	12,898
Other non-financial liabilities	7.4	95	105
Deferred tax liabilities	7.6	10,746	20,216
<b>Total non-current liabilities</b>		<b>27,469</b>	<b>79,980</b>
<b>CURRENT LIABILITIES</b>			
Other provisions	7.3	588	253
Financial debt	7.5	45,071	208
Lease liabilities	6.3	5,008	4,027
Trade payables		17,808	30,886
Current income tax liabilities		1,199	1,962
Other financial liabilities	7.4	9,085	6,088
Other non-financial liabilities	7.4	10,217	3,836
<b>Total current liabilities</b>		<b>88,976</b>	<b>47,260</b>
<b>Total equity and liabilities</b>		<b>238,554</b>	<b>379,066</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	Note	2023	2022
Net loss for the year		-126,881	-35,728
Depreciation, amortization and impairment losses (+) / reversals thereof (-) on fixed assets		120,723	47,752
Increase (+) / decrease (-) in provisions		-229	-453
Other non-cash expenses (+) / income (-)		-21	1,038
Gains (-) / losses (+) on disposal of fixed assets		26	19
Increase (-) / decrease (+) in inventories, trade receivables and other assets		2,084	-19,599
Increase (+) decrease (-) in trade payables and other liabilities		-15,456	14,616
Interest expenses (+) / interest income (-)	8.6	2,691	1,863
Interest paid (-)		-3,046	-1,541
Interest received (+)		699	7
Tax expense (+) / tax income (-)	8.7	-6,926	-2,620
Income tax paid (+/-)		-1,544	412
<b>Cash flows from operating activities</b>		<b>-27,880</b>	<b>5,766</b>
Cash received (+) from disposals of property, plant and equipment		20	28
Cash paid (-) for investments in property, plant and equipment		-3,085	-5,538
Cash received (+) from disposals of intangible assets		2	8
Cash paid (-) for investments in intangible assets		-4,202	-4,245
Cash paid (-) for the purchase of consolidated companies	10.	-3,547	-1,600
<b>Cash flows from investing activities</b>		<b>-10,812</b>	<b>-11,347</b>
Cash paid (-) in connection with Share Buyback Program	7.1	-2,463	-6,841
Cash paid (-) for other non-current financial debt	10.	-4,258	-3,751
Cash paid (-) for repayment of (financial) debt	10.	-1,146	-617
Cash received (+) from (financial) debt raised	10.	-	-
<b>Cash flows from financing activities</b>		<b>-7,867</b>	<b>-11,209</b>
Cash-relevant change in cash funds		-46,559	-16,790
Changes in cash and cash equivalents due to changes in exchange rates, scope of consolidation, and valuation		-206	-40
<b>Cash funds at beginning of year</b>		<b>92,848</b>	<b>109,678</b>
<b>Cash funds at end of year</b>		<b>46,083</b>	<b>92,848</b>





## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousand	Subscribed capital	Capital reserves	Accumulated deficit / 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
<b>January 1, 2022</b>	24,300	263,280	1,716	3,860	-3	293,152
Share capital increase	-	-	-	-	-	-
Share buybacks	-907	-5,935	-	-	-	-6,841
Group net loss	-	-	-35,728	-	-	-35,728
Foreign currency translation of financial statements of foreign entities	-	-	-	917	-	917
Actuarial gains and losses	-	-	-	-	121	121
Income taxes on other comprehensive income	-	-	-	-	-35	-35
Other comprehensive income	-	-	-	917	86	1,003
Total comprehensive income	-	-	-35,728	917	86	-34,725
Impact of share-based payments	-	240	-	-	-	240
Dividends	-	-	-	-	-	-
<b>December 31, 2022</b>	23,393	257,585	-34,012	4,777	83	251,826
<b>January 1, 2023</b>	23,393	257,585	-34,012	4,777	83	251,826
Share capital increase	-	-	-	-	-	-
Share buybacks	-437	-2,025	-	-	-	-2,463
Treasury shares transferred in conjunction with business acquisitions	234	1,552	-	-	-	1,786
Group net loss	-	-	-126,881	-	-	-126,881
Foreign currency translation of financial statements of foreign entities	-	-	-	-2,385	-	-2,385
Actuarial gains and losses	-	-	-	-	10	10
Income taxes on other comprehensive income	-	-	-	-	5	5
Other comprehensive income	-	-	-	-2,385	15	-2,370
Total comprehensive income	-	-	-126,881	-2,385	15	-129,251
Impact of share-based payments	-	212	-	-	-	212
Dividends	-	-	-	-	-	-
<b>December 31, 2023</b>	23,190	257,324	-160,894	2,391	98	122,109



# NOTES

## 1. GENERAL EXPLANATORY COMMENTS

### 1.1. General information about the Cherry Group

The main business purpose of the Cherry Group, which has its registered office in Munich, Germany, is the development and distribution of mechanical keyboard switches, IT peripherals, security systems, software, the import and export of such items, trading with purchased IT peripherals, security systems, software and the provision of development and service activities in the field of IT, as well as all related business.

The parent company of the Cherry Group is Cherry SE, which is registered in the Commercial Register of the Munich Local Court under HRB 280912. The registered office of the parent company is Rosental 7 in 80331 Munich, Germany.

The Consolidated Financial Statements for the 2023 fiscal year were approved for publication by the Management Board on May 29, 2024.

### 1.2. Basis of preparation of the Consolidated Financial Statements

In line with Section 315e (1) of the German Commercial Code (HGB), Cherry SE has prepared its Consolidated Financial Statements for the year ended December 31, 2023 in accordance with the international accounting standards as specified in Regulation 1606/2002 of the European Parliament and of the Council. The Consolidated Financial Statements comply with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and their respective interpretations (IFRIC/SIC), as required to be applied in the European Union (EU) for the 2023 fiscal year, and have been supplemented by certain disclosures and the Group Management Report in conjunction with Section 315e HGB.

The Consolidated Financial Statements have been prepared on the basis of historical cost.

The financial statements of all fully consolidated companies have been prepared using uniform accounting and measurement principles. The individual financial statements of these companies have been drawn up as of the Group's reporting date (December 31, 2023).

The Consolidated Financial Statements have been drawn up in euros, the functional currency of the parent company. Unless stated otherwise, all amounts are stated in thousands of euros (EUR k).

For computational reasons, rounding differences may occur in tables and cross-references compared to the mathematically exact values (EUR k; percentages (%), etc.).

The consolidated statement of financial position is presented in accordance with IAS 1 (Presentation of Financial Statements) using the current/non-current method, whereby assets expected to be realized within twelve months of the reporting date, and liabilities that are due to be settled within one year of the reporting date, are generally classified as current. The income statement is classified using the cost of sales method.

### 1.3. Consolidation principles

The Consolidated Financial Statements comprise the financial statements of Cherry SE and its subsidiaries as of December 31, 2023, over which Cherry SE – either directly or indirectly – has a controlling influence.

All significant subsidiaries in which Cherry SE directly or indirectly holds the majority of voting rights and has the power to control are fully consolidated. Control as defined by IFRS 10 exists when the Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In addition, on the basis of existing rights, the Group must have the ability to control the activities of the investee that have a significant impact on its returns. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and are deconsolidated as soon as the parent company no longer has control.



All assets, liabilities, equity, income and expenses that result from inter-company transactions are offset and eliminated in full, as are inter-company profits and losses arising on the sale/purchase of goods and services. Similarly, all dividends distributed within the Group are eliminated. Deferred taxes are recognized on consolidation procedures which impact profit or loss.

#### 1.4. Group reporting entity

As of December 31, 2023, the Consolidated Financial Statements of Cherry SE include the parent company, Cherry SE, and the following Group entities:

##### List of investments

Fully consolidated entities	Principal activity	Dec. 31, 2023	Dec. 31, 2022
Cherry Europe GmbH, Auerbach	Production, sales and marketing	100%	100%
Cherry Digital Health GmbH, Munich	Sales and marketing	100%	100%
Cherry Peripherals GmbH, Munich	Sales and marketing	100%	100%
Cherry E-Commerce GmbH, Munich	Sales and marketing	100%	100%
Active Key GmbH, Munich	Sales and marketing	100%	100%
Theobroma Systems Design und Consulting GmbH, Vienna (Austria)	Production, sales and marketing	100%	100%
Cherry Xtrfy AB, Landskrona, Sweden	Sales and marketing	100%	-
Zhuhai Cherry Electronics Co. Ltd., Zhuhai City (China)	Production, sales and marketing	100%	100%
Cherry Electronics (Hong Kong) Co Ltd., Hong Kong (China)	Sales and marketing	100%	100%
Cherry Taiwan Electronics Co., Ltd, Taiwan	Sales and marketing	100%	100%
Cherry Americas LLC, Kenosha (USA)	Sales and marketing	100%	100%
Cherry S.A.R.L, Paris (France)	Sales and marketing	100%	100%

1 The company was renamed Cherry Embedded Solutions GmbH on March 22, 2024.

With effect from the date on entry in the Commercial Register on December 13, 2022, Cherry AG became Cherry SE by way of a change in legal form.

A branch office of Cherry Electronics (Hong Kong) Co. Ltd. was established in Taiwan on January 8, 2018. The branch office was converted into a legal entity operating under the name Cherry Taiwan Electronics Co., Ltd. in February 2022. The new legal entity is a wholly owned subsidiary of Cherry Europe GmbH.

Cherry E-Commerce GmbH, based in Munich, was entered in the Commercial Register on June 9, 2022. The sales and marketing company, which focuses on online sales of Cherry products, was initially a wholly owned subsidiary of Cherry SE. In December 2022, Cherry SE contributed its shares in Cherry E-Commerce GmbH to Cherry Peripherals GmbH.

The entity heptus 501. GmbH – which had been entered in the commercial register on November 24, 2022 – changed its name to Cherry Peripherals GmbH with its registered office in Munich on December 13, 2022. Like Cherry Europe GmbH and Cherry Digital Health GmbH, it is a wholly owned subsidiary of Cherry SE.

On January 17, 2023, Cherry acquired all of the shares of Xtrfy Gaming AB and Built on Experience AB, Landskrona, Sweden. In the second quarter 2023, Xtrfy Gaming AB was merged into Built on Experience AB, which subsequently changed its name to Cherry Xtrfy AB. It is a wholly owned subsidiary of Cherry Peripherals GmbH. Further information is provided in the note on “Business combinations”.

In accordance with Section 264 (3) HGB, Cherry Digital Health GmbH, Active Key GmbH, Cherry Peripherals GmbH and Cherry E-Commerce GmbH are exempted from preparing and publishing annual financial statements and a management report and from being audited due to their inclusion in the Consolidated Financial Statements of Cherry SE.



## 2. BUSINESS COMBINATIONS

On January 17, 2023, Cherry acquired all of the shares of Xtrfy Gaming AB and Built on Experience AB, Landskrona, Sweden. The two companies develop and sell mainly mice and keyboards as well as other peripherals and accessories, such as special headsets and mouse pads, in the premium segment for gaming and e-sports. The acquisition is intended to strengthen Cherry's GAMING business, expand market presence in Europe, with a focus on the Nordic countries, and broaden the reach of Cherry's global network within the e-sports community.

The fair values of the identified assets and liabilities and the derivation of goodwill at the acquisition date are as follows (contingent liabilities were not identified):

€ thousand

<b>Assets</b>	<b>7,635</b>
Intangible assets	1,481
Property, plant and equipment	222
Right-of-use assets	618
Non-current financial assets	90
Inventories	3,024
Trade receivables	1,457
Other assets	13
Tax receivables	355
Cash and cash equivalents	375
<b>Liabilities</b>	<b>-4,979</b>
Trade payables	-2,435
Other current liabilities	-652
Non-current liabilities	-1,517
Deferred tax liabilities	-375
<b>Total of identifiable net assets measured at fair value</b>	<b>2,656</b>
<b>Total consideration transferred</b>	<b>5,212</b>
Goodwill	2,556

The total consideration to be transferred to the previous owners to acquire the two companies amounts to EUR 6.4 million. Of this amount, EUR 1.2 million relates to the assumption of shareholder loans existing at the time of the transaction. The calculated purchase price for the two companies therefore amounts to EUR 5.2 million. Approximately one third of this (EUR 1.8 million) has been settled with Cherry SE treasury shares (234,138 shares). The remainder of the purchase price including the repayment of the shareholder loans (EUR 4.6 million) is required to be paid in cash. The former shareholders received EUR 3.9 million of this amount on closing. The remainder amounting to approximately EUR 0.7 million is part of a holdback arrangement and will be paid in July 2024 at the latest in accordance with the purchase agreement.

The final purchase price has increased slightly compared to the original calculation made at the end of 2022 (EUR 5.1 million), mainly in connection with the fair value measurement of the Cherry SE treasury shares. The shares were valued at EUR 7.03 per share during the purchase price negotiations, based on the 6-month average Xetra price between June 1 and November 30, 2022. The market value of the shares at the transfer date was EUR 7.63 per share, totaling around EUR 1.8 million.

Goodwill mainly represents potential synergy benefits to be derived in the areas of selling and marketing, in creating a strong competitive position in the e-sports sector and in gaining market access throughout the European and Asian economic areas. Goodwill arising on the transaction is not deductible for tax purposes.

The fair value and the gross amount of acquired receivables were as follows:

€ thousand	Fair value	Gross amount
Trade receivable	1,457	1,457
Other assets	13	13

The fair value of the acquired receivables represents the best estimate of the cash flows expected to be collected from these receivables.



Non-recurring transaction costs totaling EUR 419k arose, of which EUR 282k was recognized in profit or loss in 2022 and EUR 137k in 2023.

In the second quarter 2023, Xtrfy Gaming AB was merged into Built on Experience AB, which subsequently changed its name to Cherry Xtrfy AB.

Revenue generated by Cherry Xtrfy AB in the 2023 fiscal year after the acquisition date amounted to EUR 4,112k, while the loss for that period amounted to EUR -878k. If the acquisition had occurred at the beginning of the 2023 fiscal year, Group revenue for the full year would have amounted to EUR 126,461k and the Group net loss to EUR -126,881k.

There were no business combinations during the 2022 fiscal year.

### 3. SIGNIFICANT ESTIMATES, ASSUMPTIONS AND AREAS OF JUDGMENT

The preparation of the Consolidated Financial Statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the recognition, measurement and disclosure of assets and liabilities, income and expenses as well as the disclosure of contingent liabilities as of the reporting date. However, the uncertainties associated with these assumptions and estimates could give rise to outcomes that require adjustments to the carrying amounts of the assets or liabilities concerned in future periods.

The assumptions and estimates are based on information known at the date the Consolidated Financial Statements were authorized for issue. Assumptions and estimates are monitored on a regular basis and adjusted to take account of actual developments where necessary. The effect of changes in assumptions and estimates is recognized in profit or loss when new information comes to light.

In the previous fiscal year, it was still necessary to assess the potential impact of the COVID-19 pandemic on financial reporting, in particular on significant estimates, assumptions and areas of judgment. The pandemic had initially helped drive business due to increased e-sports and gaming activity worldwide, a surge in hybrid office

workplaces (global work-from-anywhere trend) and the expansion of remote training. Cherry responded to these developments in particular by expanding its e-commerce business. In 2022, however, business volumes were negatively impacted by the ongoing disruption of international supply chains caused by the pandemic as well as regional lockdowns in China until December 2022 due to the Chinese government's zero-COVID strategy. In 2023, the COVID-19 pandemic did not have any direct impact on business.

Furthermore, in 2023, as in the previous year, it was necessary to assess the impact of the Russian war of aggression in Ukraine. Cherry had already put measures in place in the previous fiscal year to counteract potential supply bottlenecks, particularly for semi-conductors. The latter were stockpiled in sufficient quantities or ordered from suppliers in good time on the basis of the relevant delivery times. Furthermore, supply chains and flows of goods were optimized and potential risks arising from single sourcing arrangements significantly reduced by expanding the supplier network.

Customer creditworthiness is reviewed on a regular basis and no material impact on the receivables portfolio was identified in 2023.

The key assumptions and estimates that involve a significant degree of risk in terms of potential adjustments to the carrying amounts of assets and liabilities within the coming fiscal year are discussed below:

#### Business combinations

As a general rule, assets acquired and liabilities assumed in conjunction with business combinations are measured at their fair value. As there is no active market for many assets and liabilities, it is often necessary to determine fair values using recognized measurement methods, including, for example, the license price analogy method and the multi-period excess earnings method. For the purposes of the purchase price allocation of the Cherry Group in 2020, the license price analogy method was applied to determine the fair value of the Cherry brand, whereas the customer base was valued using the multi-period excess earnings method. These two methods were also used in the purchase price allocation for Active Key and Xtrfy. The key measurement parameters required to be estimated when using these methods are the future cash flows resulting from assets and liabilities, the license rate, and the



interest rates to be applied for discounting. The measurement of contingent payment obligations relating to business combinations requires assumptions to be made about the underlying key parameters relevant for measurement. Significant assumptions are also required to be made as part of the process of allocating goodwill to cash-generating units (CGUs) and in estimating the useful lives of intangible assets subject to amortization.

### Capitalized development costs

Assumptions and estimates for internally generated intangible assets recognized on development costs for future products mainly involve assessing whether the asset will generate future economic benefits, in particular whether it can be demonstrated that there is a market for the product concerned. Cherry regularly launches development projects in collaboration with existing customers where there is a good likelihood that interest for the developed products already exists. The recoverability of capitalized development costs is assessed on an ongoing basis during the development phase based on the progress of the project and expectations regarding the marketing of future products.

### Impairment of financial assets

Regular reviews are performed to determine whether impairment losses are required to be recognized for financial assets, in particular trade receivables (e.g. due to a lack of creditworthiness on the part of a customer). Estimates are based on past experience, adjusted to account of current expectations.

### Impairment testing

In accordance with IAS 36, numerous parameters are required to be estimated in conjunction with impairment testing for goodwill, capitalized development costs, other intangible assets and property, plant and equipment. In particular, estimates of future cash flows, growth rates and the discount rate are required in this context. During the detailed planning phase, revenue growth is generally planned on the basis of past experience, taking into account current short- to medium-term expectations. This currently also includes expectations arising from the impact of the war in Ukraine and of the Group's planned and ongoing market strategies. After the detailed planning period, long-term revenue growth is assumed on the basis of the latest

business plan, drawn up in the fourth quarter of 2023. Due to the nature of the Cherry Group's products, impairment is influenced in particular by technological developments, which are therefore observed and assessed on a regular basis. Information on impairment testing is provided in note 6.2.

### Impairment of inventories

In the context of determining impairment losses on inventories, write-downs are based on estimates derived from past experience and applied to an age analysis of inventories. Inventories are measured at the lower of cost or net realizable value at the end of the reporting period. If the net realizable value of inventories at the reporting date is lower than their carrying amount, individual write-downs are recognized on the basis of a standardized valuation model that takes into account the storage periods of inventories on an item-by-item basis.

### Deferred tax assets

The Cherry Group is liable to pay income taxes in several countries. Estimates must be made for the recognition of deferred taxes. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which they can be utilized. Management's assumptions therefore take into account estimates of future taxable income and the expected reversal of timing differences. Further details relating to deferred taxes are provided in note 7.6.

### Measurement of other provisions

Other provisions, in particular provisions for warranty obligations, are by their nature subject to uncertainties regarding the amount and/or timing of the obligations. Cherry is required in some cases to make assumptions about the likelihood of incurring obligations or future developments (e.g. for future costs) on the basis of past experience. Measurement on the basis of past experience, however, means that non-current provisions in particular are subject to a high degree of uncertainty. The measurement of non-current provisions is also particularly dependent on the selection and subsequent development of the market-compatible discount factor used.



## Share-based remuneration

When recognizing personnel expenses arising in conjunction with share-based remuneration, management is required to estimate the number of share rights expected to vest and therefore become exercisable after the end of the vesting period. In addition, various input factors are required to be estimated for the option pricing models used (volatility, interest rate).

The carrying amounts of the items affected by the above key assumptions and estimates are disclosed in the respective notes.

## Significant areas of judgment

Significant judgments need to be made in assessing whether an intangible asset has a definite or indefinite useful life.

The Cherry Group has entered into several lease arrangements that include renewal and termination options. These options are negotiated by management to provide flexibility in managing the leasing asset portfolio, in line with the Group's business requirements. Management exercises significant judgment in determining whether these renewal and termination options will be exercised with reasonable certainty.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements of Cherry SE are prepared on the basis of uniform Group accounting policies, of which the following are considered the most significant.

### Acquisition and production cost

The acquisition cost of an item includes its purchase price and any directly attributable incidental costs. The cost of internally generated assets from which future economic benefits are expected to flow to the Group and that can be measured reliably comprises costs directly attributable to the production process and an appropriate proportion of production-related overheads.

### Fair value

The fair value of financial instruments traded on organized markets is determined on the basis of the quoted market price (bid price) at the end of the reporting period. The fair value of financial instruments for which there is no active market is determined using recognized valuation techniques, such as the use of recent arm's length transactions between knowledgeable, willing parties, the comparison of the current fair value of a substantially similar instrument, discounted cash flow analysis, and other valuation models.

### Foreign currency translation

The financial statements of consolidated subsidiaries which are drawn up in a foreign currency are translated into euros using the functional currency concept in accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates). With one exception, all non-German subsidiaries use the local currency of the relevant country as their functional currency since they all run their operations separately in financial, economic and organizational terms. In the case of one subsidiary, the functional currency is the euro rather than the local currency, reflecting the fact that the majority of the transactions of this subsidiary are carried out in euros. Accordingly, assets and liabilities are translated at the closing rates at the end of the reporting period, and expenses and income are generally translated at average rates, if the functional currency is not the reporting currency. Equity items are translated at historical rates as of the date they were first accounted for by the Cherry Group.



Differences arising from foreign currency translation at closing rates are shown in equity as “Foreign currency translation of financial statements of foreign entities”.

For the reporting periods presented, the Group used the following exchange rates against the euro for the major currencies:

	US-Dollar (USD)	Chinese renminbi (CNY)	Taiwanese dollar (TWD)	Swedish krone (SEK)
<b>Closing rates</b>				
Dec. 31, 2022	1.06660	7.35820	32.81600	–
<b>Dec. 31, 2023</b>	<b>1.10500</b>	<b>7.85090</b>	<b>33.90700</b>	<b>11.09600</b>
<b>Averaged annual rates</b>				
2022	1.05388	7.08009	31.48545	–
<b>2023</b>	<b>1.08159</b>	<b>7.65907</b>	<b>33.68890</b>	<b>11.47281</b>

## Business combinations and goodwill

As a general rule, business combinations are accounted for using the purchase method. For these purposes, the acquisition cost comprises the fair value of the assets given, equity interests issued, and liabilities incurred at the date of acquisition. All directly attributable incidental acquisition costs are expensed as incurred.

Goodwill acquired in a business combination is allocated from the date of acquisition to each of the Group’s cash-generating units (CGUs) or groups of cash-generating units that are expected to benefit from the synergies of the combination.

Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment once a year. An impairment test is also performed when events or circumstances indicate that the carrying amount of goodwill may not be recoverable. An impairment loss is recognized if the recoverable amount of the CGU is less than its carrying amount. Impairment losses recognized on goodwill are not reversed in subsequent periods.

## Intangible assets

Intangible assets with finite useful lives are measured subsequent to initial recognition at cost less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method and recognized in the corresponding functional costs in the income statement. During the period under report, the Cherry Group carried intangible assets with definite useful lives, in particular capitalized software licenses and capitalized customer relationships. The useful lives of capitalized intangible assets vary depending on the underlying contractual agreement:

Intangible assets	Useful lives
Software licenses	3–5 years
Customer relationships	8 years





Intangible assets with indefinite useful lives are mainly in the form of trademarks. These intangible assets are not amortized but tested for impairment at least annually.

### Research and development expenses

Research costs are recognized as expense in the period in which they are incurred. Development costs relating to individual projects are capitalized if the criteria specified by IAS 38 are met. Expenditure on projects, the total cost of which does not exceed EUR 25,000, is recognized directly as expense. Capitalized development costs are stated at cost less accumulated amortization and impairment losses and are amortized on a straight-line basis over a period of 4-8 years.

### Property, plant and equipment

Property, plant and equipment are measured at acquisition and/or production cost less accumulated depreciation and impairment losses. The Group applies the straight-line method of depreciation, based on the following estimated useful lives:

Property, plant and equipment	Useful lives
Plant and machinery	4 – 15 years
Other operational and office equipment	1 – 15 years
Tools	4 years

Investment grants are recognized at the time when the associated conditions are fulfilled, and the grant is awarded. Investment grant income is deferred and released to the income statement over the useful life of the related assets and reported in current or non-current other liabilities.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. As in the previous year, no borrowing costs were capitalized in the 2023 fiscal year.

### Leases

Cherry, as lessee, recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

In accordance with the option available in IFRS 16.5, however, no right-of-use assets or lease liabilities are recognized for leases for which the underlying assets are considered to be of low value. In these cases, lease payments are recognized as an expense on either a straight-line basis over the lease term or another systematic basis if this is more representative of the pattern of the lease's benefit. The same applies to leases with a term of less than 12 months. If the lease includes a renewal option which the Cherry Group is reasonably certain to exercise, the lease payments during the option period are taken into account. The assessment is based on the respective current business situation.

Right-of-use assets are stated at cost less accumulated depreciation and, if applicable, accumulated impairment losses. Depreciation on right-of-use assets is calculated on a straight-line basis over the applicable contract term. Lease liabilities are recognized at the present value of the lease payments to be made over the lease term, which are discounted as a general rule using the Cherry Group's incremental borrowing rate unless the implicit interest rate of the lease is known. Lease liabilities are subsequently measured at amortized cost using the effective interest method and adjusted in the event of changes or remeasurement.

### Impairment of property, plant and equipment, intangible assets and right-of-use assets

The Cherry Group reviews the carrying amounts of intangible assets, property, plant and equipment and right-of-use assets for impairment whenever there is an indication that the asset may be impaired, but at least once a year. Impairment is tested by comparing the carrying amount with the recoverable amount. If the carrying amount of an asset exceeds its recoverable amount, the asset is deemed to be impaired and is written down to its recoverable amount through profit or loss. In order to determine the asset's value in use as a measure of the recoverable amount, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.



If an asset does not generate cash flows that are independent of the cash flows from other assets or groups of assets, the impairment test is performed at the level of the CGU to which the asset belongs. If the recoverable amount of a CGU is lower than its carrying amount, an impairment loss is recognized for the difference between the carrying amount and the lower recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The higher carrying amount resulting from the reversal may not, however, exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. The reversal of an impairment loss is recognized in profit or loss.

### Inventories

Inventories of raw materials and supplies, work in progress, finished goods and goods for resale are stated at the lower of cost and net realizable value at the end of the reporting period. If the net realizable value of inventories at the reporting date is lower than their carrying amount, individual valuation allowances are recognized on the basis of a standardized valuation model that takes into account the storage periods of inventories on an item-by-item basis. Inventories whose age or storage period exceeds 24 months are written down by 50%, while a net realizable value of zero is assumed for obsolete inventories with an age of more than 36 months.

Acquisition cost comprises essentially an item's purchase price and its incoming freight cost. Production cost includes direct material and production costs as well as an appropriate portion of material overheads and depreciation. Uplifts for overheads are determined on the basis of budgeted amounts and compared with the actual rates for the period under report. Goods for resale, raw materials and supplies are valued at weighted average cost.

### Financial instruments

According to IAS 32, a financial instrument gives rise to a contractual right/obligation that will result in the inflow/outflow of financial assets. A financial instrument can be either non-derivative (such as trade receivables and payables, financial receivables and financial liabilities, and marketable securities) or derivative (such as a hedge against risks from changes in exchange rates and interest rates).

### Non-derivative financial instruments

The main financial instruments used by the Cherry Group are cash and cash equivalents, bank loans and trade receivables and payables.

Cash and cash equivalents comprise cash, demand deposits and other current highly liquid financial assets with an original maturity of less than three months from the date of acquisition and are recognized at their nominal value.

Trade receivables are measured at amortized cost using the effective interest method less any impairment allowances, based on their cash flow characteristics and the "hold" business model. The Cherry Group's trade receivables comprise exclusively principal amounts due from customers that are not, as a general rule, subject to interest. Accordingly, contractual interest payments do not normally arise.

In order to track and determine changes in credit risk, Cherry uses maturity bands to estimate historical default rates on trade receivables (simplified approach) for the purpose of estimating impairment allowances in accordance with IFRS 9. The credit-worthiness of (major) customers is checked both before and during the customer relationship, using various measures (credit reports, trading limits, etc.), focusing in particular on short-term solvency. As a general rule, it is assumed that receivables are exposed to practically zero impairment risk before they fall due. It is also generally assumed that the probability of default of a receivable increases in line with the number of days past due. In this context, historical data and an expectation component relating to possible future changes are taken into account.



The usual payment terms are between 20 and 30 days. As e-commerce business expands, however, payment terms now range between 60 and 90 days for larger distributors and retailers. The structure of trade receivables in the Cherry Group is characterized for the most part by a high turnover rate. In 2023, the vast majority of outstanding receivables were paid by the due date and no receivables of significant amount were derecognized in profit or loss. The Cherry Group analyzes the maturity structure of receivables on a monthly basis and regularly reviews the creditworthiness of its customers. A strict dunning system is in place. Neither the COVID-19 pandemic nor the Ukraine war have had any significant impact on the receivables portfolio to date.

Based on the simplified approach and taking into account future expectations, there is currently no requirement to recognize impairment allowances, even though a risk of default exists in theory.

Bank loans and trade payables are also measured at amortized cost using the effective interest method.

Depending on their maturity, financial instruments are presented in the consolidated statement of financial position as either current or non-current assets or liabilities. Financial instruments are accounted for on the basis of the maturity date.

### Derivative financial instruments and hedging relationships in accordance with IFRS 9

Derivative financial instruments are initially recognized when a contract is concluded, measured at fair value. Subsequently they are also measured at fair value and classified as “measured at fair value through profit or loss”. Derivative financial instruments are recognized as assets if they have a positive fair value and as liabilities if they have a negative fair value. Gains or losses arising from changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized immediately through profit or loss.

In contrast to the previous year, in the 2023 fiscal year the Cherry Group concluded derivative financial instruments in the form of forward currency contracts, particularly for the US dollar. However, hedge accounting is not currently applied.

The contracts entered into by Cherry for the purpose of the receipt or delivery of precious metals (gold, silver, copper) are used in the ordinary course of business and therefore regularly meet the requirements of the so-called “own use exemption” pursuant to IFRS 9.2.4, and therefore do not qualify as derivative financial instruments within the meaning of IFRS 9.

### Provisions

Provisions are recognized for all legal or constructive obligations to third parties arising from past events, if the amount or timing of those obligations is uncertain at the end of the reporting period, it is probable that an outflow of resources will be required to settle the obligation and the amount thereof can be reliably determined or estimated. Provisions are measured as a general rule on the basis of the probable settlement amount, taking into account future cost increases. Non-current provisions are discounted using a pre-tax rate that reflects the risks specific to the liability. Where a provision is discounted, any increase due to the unwinding of the interest over time is recognized as interest expense. Provisions are adjusted over time to take account of new facts and circumstances.

### Pensions

The Cherry Group has both defined benefit and defined contribution pension plans. A defined contribution plan involves the payment of fixed amounts to a non-Group company (fund), whereby the Cherry Group does not have any legal or constructive obligation to pay any additional amounts if the fund does not have sufficient assets to meet the pension entitlements of all employees for the current or past fiscal years. The contributions are recognized as personnel expense when they fall due. Prepayments of contributions are recognized as an asset to the extent that there is a right to a refund or a reduction in future payments.

Defined benefit pension plans usually specify the amount of benefits to be paid to the employee on reaching pensionable age. The amount is normally based on one or more factors (age, service period and salary).



The provision for defined benefit plans recognized in the consolidated statement of financial position is calculated using the actuarial projected unit credit method prescribed by IAS 19. Under this method, future obligations are measured on the basis of the relevant portion of the benefits earned up to the end of the reporting period. The valuation takes into account certain trend assumptions (e.g. future salary and pension trends) for the relevant variables that affect the benefit amount. In accordance with IAS 19, actuarial gains and losses are recognized directly and in full through other comprehensive income.

### Share-based remuneration

Share-based remuneration is granted to selected management employees in conjunction with share ownership plans. Further information about these plans is provided in note 11.3.

The plans qualify as equity-settled plans as defined in IFRS 2. The resulting fair value is determined at the grant date and recognized as personnel expense with a corresponding increase to equity. The measurement of fair value takes into account both market-related performance conditions and non-vesting conditions, but excludes service conditions and non-market-related performance conditions. The total expense is recognized over the vesting period.

### Income taxes

#### Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, measured on the basis of the tax rates and tax laws applicable at the end of the reporting period in the countries where the Group operates and generates taxable income. Taxes are recognized through profit or loss unless they relate to items recognized directly in equity or through other comprehensive income. In this case, the taxes are also recognized in equity or through other comprehensive income.

### Deferred tax liabilities

Deferred taxes are recognized using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as well as on tax losses available for carryforward.

Deferred tax assets are recognized for all deductible temporary differences, unused tax losses available for carryforward and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, tax losses and tax credits can be utilized. The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets and liabilities are measured at future tax rates, whereby changes in tax rates are generally taken into account when it is probable that they will be enacted.

Deferred taxes relating to items recognized directly in equity or through other comprehensive income are not recognized through profit or loss, but also in directly in equity or through other comprehensive income.

### Revenue and profit/loss recognition

Revenue is recognized when a valid contract is in place, the identifiable performance obligations arising from the contract and the payment terms are evident, the contract has commercial substance and it is probable that the agreed consideration will be collected. To the extent that different contracts with customers agreed at or near the same time are not independent of each other, they are combined for revenue recognition purposes into a single contract. The Cherry Group recognizes revenue when a performance obligation has been satisfied.

Revenue is generally recognized on the basis of a point in time.



Revenue from the sale of products is recognized when control of ownership (also taking various incoterms into account) has been transferred to the distributor or customer, i.e. when the respective performance obligation has been fulfilled. In the case of sales to end consumers via the “eCommerce” sales channel, revenue is adjusted by an expected return rate during the statutory cancellation period. Whereas revenue from business with end customers worldwide was still negligible in the 2022 fiscal year, it amounted to EUR 5.6 million in 2023 of which EUR 0.3 million was realized in Germany.

Any variable components, such as discounts, performance incentives or bonuses included in the agreed consideration are taken into account for the purposes of determining the amount of revenue to be recognized once a performance obligation has been satisfied. Revenue from variable components is only recognized to the extent that it is highly probable that it will not be required to be reversed in the future. If a contract includes multiple performance obligations, the agreed consideration is allocated for revenue recognition purposes to the individual performance obligations on the basis of relative stand-alone selling prices. As a general rule, Cherry negotiates individual performance components separately, with selling prices agreed at a level commensurate with market retail prices.

Income not arising from ordinary business activities is recognized as other operating income. This includes, in particular, realized currency gains.

Interest income is recognized on an accrual basis as the interest accrues. Dividend income is recognized through profit or loss when the legal right to receive the payment arises.

### Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to Cherry SE shareholders by the weighted average number of shares outstanding during the fiscal year. Diluted earnings per share are calculated assuming that all potentially dilutive share-based payment plans are converted or exercised.

### Changes in estimates

In the course of the regular review of the useful lives of property, plant and equipment, it was determined that, based on current economic and technological conditions, the useful lives of some items of plant and machinery are longer than previously expected. The positive impact on earnings for the 2023 fiscal year amounted to EUR 526k. In conjunction with the decision to realign the Cherry Group’s components business at the end of 2023, an impairment loss amounting to EUR 1,205k was recognized to reduce the residual carrying amount of the relevant items of property, plant and equipment to zero. The extension of useful lives will therefore also have a net positive impact of EUR 236k on earnings in the 2024 fiscal year.



## 5. NEW STANDARDS AND INTERPRETATIONS

### New and revised Standards and Interpretations required to be applied for the first time in the fiscal year

The following Standards, as revised by the International Accounting Standards Board, were required to be applied for the first time in the Consolidated Financial Statements for the year ended December 31, 2023:

- IFRS 17 Insurance Contracts
- IAS 1 Disclosure of Accounting Policies
- IAS 8 Definition of Accounting Estimates
- IAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- IAS 12 International Tax Reform – Pillar Two Model Rules

Application of these amendments does not have any significant impact on the Consolidated Financial Statements for the year ended December 31, 2023.

### Standards and Interpretations not yet applied (published but not yet mandatory or, in some cases, not yet applicable in the EU)

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have issued further Standards und Interpretations, which were not mandatory for the fiscal year or are not yet applicable in the EU.

Standard/ Interpretation	Name	Mandatory first application date for Cherry	Expected impact for Cherry
IFRS 16	Lease liability in a Sale and Leaseback	January 1, 2024	None
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024	None
IAS 1	Non-current Liabilities with Covenants	January 1, 2024	None
IAS 7/IFRS 7	Supplier Finance Arrangements	January 1, 2024	None
IAS 21 <sup>1</sup>	Lack of Exchangeability of a Currency	January 1, 2025	None
IFRS 18 <sup>1</sup>	Presentation and Disclosures in Financial Statements	January 1, 2027	still being analyzed

<sup>1</sup> Not yet endorsed by the EU



## 6. EXPLANATORY NOTES TO GROUP ASSETS

### 6.1. Property, plant and equipment

Property, plant and equipment developed as follows:

#### Property, plant and equipment

Acquisition and production cost € thousand	Land, titles to land, buildings including buildings on third-party land	Plant and machinery	Other operational equipment, office equipment	Payments on account and assets under construction	Total
<b>Balance as of January 1, 2022</b>	1,134	25,623	4,059	1,859	32,676
Additions	67	2,249	592	2,630	5,538
Disposals	-	-851	-93	-20	-964
Reclassifications	-	89	-75	-32	-17
Currency translation effects	-	-32	-2	-2	-38
<b>Balance as of December 31, 2022</b>	<b>1,201</b>	<b>27,078</b>	<b>4,481</b>	<b>4,436</b>	<b>37,195</b>
Additions relating to business combinations	-	-	222	-	222
Additions	59	2,214	425	387	3,085
Disposals	-	-1,484	-158	-57	-1,699
Reclassifications	-	4,145	52	-4,214	-17
Currency translation effects	-2	-114	-34	-2	-152
<b>Balance as of December 31, 2023</b>	<b>1,258</b>	<b>31,839</b>	<b>4,988</b>	<b>550</b>	<b>38,634</b>



Depreciation and impairment losses € thousand	Land, titles to land, buildings including buildings on third-party land	Plant and machinery	Other operational equipment, office equipment	Payments on account and assets under construction	Total
<b>Balance as of January 1, 2022</b>	151	6,721	863	–	7,735
Depreciation expense for the year	112	5,131	874	–	6,117
Impairment losses	–	137	23	–	160
Disposals	–	-829	-87	–	-916
Reclassifications	–	–	–	–	–
Currency translation effects	–	-9	–	–	-9
<b>Balance as of December 31, 2022</b>	<b>263</b>	<b>11,151</b>	<b>1,673</b>	–	<b>13,087</b>
Depreciation expense for the year	118	4,390	821	–	5,329
Impairment losses	227	13,582	732	–	14,541
Disposals	–	-1,460	-149	–	-1,609
Reclassifications	–	–	–	–	–
Currency translation effects	-2	-50	-9	–	-61
<b>Balance as of December 31, 2023</b>	<b>606</b>	<b>27,613</b>	<b>3,068</b>	–	<b>31,287</b>
<b>Carrying amounts</b>					
<b>Balance as of January 1, 2022</b>	983	18,902	3,196	1,859	24,941
<b>Balance as of December 31, 2022</b>	938	15,927	2,808	4,436	24,109
<b>Balance as of December 31, 2023</b>	652	4,226	1,920	550	7,347

Reclassifications include amounts transferred from assets under construction to the individual line items of property, plant and equipment.

Land, titles to land and buildings, including buildings on third-party land, include leasehold improvements.

Purchase commitments for property, plant and equipment amounted to EUR 3,065k as of December 31, 2023 (December 31, 2022: EUR 1,147k).

Impairment losses amounting to EUR 14,541k in 2023 were reported in the statement of comprehensive income within the following line items: “Cost of sales” (EUR

13,901k), “Sales and marketing expenses” (EUR 94k), “Research and development expenses” (EUR 245k) and “Administrative expenses” (EUR 301k). Of these losses EUR 5,197k related to machinery used for MX1 switch production in the Components segment, but which was deemed to be fully impaired in light of the decision to realign the keyboard switch business. Impairment losses amounting to EUR 1,363k resulted from the assessment of asset impairment in light of the restructuring of the Group. Of this amount EUR 899k related to the Components segment, EUR 57k to the Gaming Devices segment, EUR 69k to the Office Devices segment, EUR 55k to the Digital Health & Solutions segment, and EUR 283k to the Corporate & Consolidation segment). In addition, impairment losses amounting to EUR 7,981k arose in conjunction with impairment tests performed at CGU level (as described in note 6.2), whereby the





amount by which impairment exceeded goodwill was allocated to the other assets required to be assessed in accordance with IAS 36. Of this amount, EUR 413k and EUR 6k respectively related to the Cherry Europe GmbH/Xtrfy segment and the Cherry Digital Health GmbH segment (before resegmentation) and EUR 7,562k to the Components segment (after resegmentation).

In the 2022 fiscal year, impairment losses amounting to EUR 160k – also reported in same line item – related mainly to fully impaired tools, test equipment and molds

used for Cherry VIOLA switch production in the former segments Cherry Europe GmbH (EUR 142k) and Zhuhai Cherry Electronics Co. Ltd (EUR 18k) (now both allocated to the Components segment) and resulted from the low demand for these switches and the decision to no longer pursue the “Cherry VIOLA” technology and to phase out the business with the related switches and keyboards.

## 6.2. Intangible assets

Intangible assets developed during the year under report as follows:

Intangible assets € thousand	Development costs and internally generated industrial property rights and similar rights and assets	Development costs relating to projects in progress	Industrial property rights, licenses and patents	Customer base	Brands	Goodwill	Payments on account	Total
<b>Acquisition and production cost</b>								
<b>Balance as of January 1, 2022</b>	13,499	1,109	1,618	20,932	50,165	108,540	76	195,939
Additions	–	3,090	577	–	–	–	578	4,245
Disposals	–	-27	-11	–	–	–	–	-38
Reclassifications	–	–	–	–	–	–	17	17
Currency translation effects	–	-12	–	–	–	129	–	117
<b>Balance as of December 31, 2022</b>	13,499	4,160	2,184	20,932	50,165	108,669	671	200,280
Additions relating to business combinations	204	–	–	428	849	2,556	–	4,037
Additions	3,122	525	189	–	–	–	367	4,203
Disposals	-55	-2	-13	–	–	–	–	-69
Reclassifications	330	-330	1,028	–	–	–	-1,011	17
Currency translation effects	-90	–	-8	–	2	-1,589	–	-1,685
<b>Balance as of December 31, 2023</b>	17,011	4,354	3,380	21,360	51,016	109,636	27	206,783



Intangible assets € thousand	Development costs and internally generated industrial property rights and similar rights and assets	Development costs relating to projects in progress	Industrial property rights, licenses and patents	Customer base	Brands	Goodwill	Payments on account	Total
<b>Amortization and impairment losses</b>								
<b>Balance as of January 1, 2022</b>	1,473	-	1,086	3,271	-	-	-	5,831
Amortization expense for the year	2,233	-	246	2,617	-	-	-	5,096
Impairment losses	812	-	1	-	-	29,882	-	30,695
Disposals	-	-	-4	-	-	-	-	-4
Currency translation effects	-	-	-	-	-	-	-	-
<b>Balance as of December 31, 2022</b>	4,518	-	1,329	5,888	-	29,882	-	41,618
Amortization expense for the year	2,592	-	506	2,701	-	-	-	5,799
Impairment losses	6,604	-	100	2,514	14,615	55,866	-	79,699
Disposals	-	-	-13	-	-	-	-	-13
Currency translation effects	-2	-	-2	-	-	-	-	-4
<b>Balance as of December 31, 2023</b>	13,712	-	1,920	11,103	14,615	85,748	-	127,098
<b>Carrying amounts</b>								
<b>January 1, 2022</b>	12,026	1,109	532	17,661	50,165	108,540	76	190,109
<b>December 31, 2022</b>	8,981	4,160	855	15,044	50,165	78,787	671	158,663
<b>December 31, 2023</b>	3,299	4,354	1,460	10,257	36,401	23,888	27	79,685

As of December 31, 2023, intangible assets identified and capitalized in conjunction with the Cherry Group purchase price allocation comprised goodwill amounting to EUR 20,377k (December 31, 2022: EUR 75,277k), a customer base amounting to EUR 9,925k (December 31, 2022: EUR 15,045k) and brand mark rights amounting to EUR 35,482k (December 31, 2022: EUR 50,070k). Goodwill arising on the acquisition of Theobroma remained unchanged at EUR 458k (December 31, 2022: EUR 458k). Intangible assets also included goodwill arising on the acquisition of Active Key amounting to EUR 3,052k (December 31, 2022: EUR 3,052k), acquired technology amounting to EUR 162k (December 31, 2022: EUR 648) and the acquired brand amounting to EUR 95k (December 31, 2022: EUR 95k). As of December 31, 2023 the carrying amount of

intangible assets arising on the acquisition of Xtrfy included goodwill (EUR 0k), acquired technology (EUR 163k), the acquired customer base (EUR 333k) and the acquired brand (EUR 825k).

The fair value of the Cherry brand mark was determined on the basis of the present values of notional royalty income on sales revenue attributable to the brand. Goodwill and trademark rights were initially recognized at the values determined at the date of the acquisition of Cherry Holding GmbH and its subsidiaries and have an indefinite useful life. The Cherry brand has been well established for decades (Cherry has been in existence since around 1958) and the Cherry Group intends to continue using it.



Based on current information, the products sold under the brand will generate net cash inflows for the Group for an indefinite period of time. Goodwill and the Cherry brand were tested for impairment in the 2023 fiscal year.

Development costs and internally generated industrial property rights and similar rights and assets include acquired development costs with a carrying amount of EUR 2,189 k (December 31, 2022: EUR 4,397k).

The impairment losses recognized on development costs in 2023 are reported in the statement of comprehensive income within the line item "Research and development expenses". These losses arose on the one hand from impairment testing in connection with the restructuring of the Group (EUR 185k, of which EUR 38k related to the Components segment, EUR 83k to the Office Devices segment and EUR 64k to the Digital Health & Solutions segment) and on the other hand in conjunction with impairment tests performed at CGU level (as described below), whereby the amount by which impairment exceeded goodwill was allocated to the remaining assets required to be assessed in accordance with IAS 36 (EUR 6,419k). Of this amount, EUR 3,131k and EUR 244k respectively related to the Cherry Digital Health GmbH and Cherry Europe GmbH/Xtrfy segments (before resegmentation) and EUR 3,044k to the Components segment (after resegmentation).

Impairment losses recognized on development costs in 2022 are reported in the consolidated statement of comprehensive income within the line item "Research and development expenses" and related mainly to fully impaired capitalized development costs incurred for Cherry VIOLA switches manufactured in the former Cherry Europe GmbH segment (now allocated to the Components segment) and resulted from the low demand for these switches and the decision to no longer pursue the "Cherry VIOLA" technology and to phase out the business with the related switches and keyboards.

Purchase commitments for intangible assets amount to EUR 72k at the end of the reporting period (December 31, 2022: EUR 111k).

### Impairment testing of goodwill and brands

In light of the decision to restructure the Group at the beginning of November 2023, a so-called "event-driven" impairment test was performed for all of the Group's cash-generating units, which for the most part corresponded to the legally independent subsidiaries. The recoverable amount was calculated as the value in use, determined using the discounted cash flow method. On the basis of the test, impairment losses amounting to EUR 27,937k and EUR 3,858k respectively were recognized on goodwill allocated to Cherry Europe GmbH/Cherry Xtrfy AB on the one hand and Cherry Digital Health GmbH on the other. In the latter case, the impairment loss related to the brand (EUR 1,946k), development costs (EUR 1,884k), right-of-use assets (EUR 23k), property, plant and equipment (EUR 4k), industrial property rights, and licenses and patents (EUR 1k). Recoverable amounts of EUR 107,963k and EUR 5,597k were calculated for Cherry Europe GmbH/Cherry Xtrfy AB and Cherry Digital Health GmbH respectively, in applying a cost of capital of 13.52% (Cherry Europe GmbH/Cherry Xtrfy AB) and 13.39% (Cherry Digital Health GmbH). If the revenue growth rates used were reduced or the cost of capital increased the recoverable amount of the cash-generating units Cherry Europe GmbH/Cherry Xtrfy AB and Cherry Digital Health GmbH would fall below the carrying amount.

As of December 31, 2023, the regular annual impairment test on goodwill (EUR 51,841k before impairment at year-end, December 31, 2022: EUR 78,787k) and on brands (EUR 49,071k before impairment at year-end, December 31, 2022: EUR 50,165k) was initially performed on the basis of the previous CGUs, which generally corresponded to the legally independent subsidiaries. Goodwill and the brands were allocated to these subsidiaries due to the fact that they benefited the legal entities concerned as well as their products and geographical regions. The relevant legal entities are Cherry Europe GmbH (Auerbach)/Cherry Xtrfy AB (Landskrona) (goodwill: EUR 20,474k before impairment at year-end, December 31, 2022: EUR 45,849k), Cherry Americas LLC (Wisconsin/USA) (goodwill: EUR 9,508k before impairment at year-end, December 31, 2022: EUR 9,851k), Zhuhai Cherry Electronics Co. Ltd (Zhuhai/China) (goodwill: EUR 18,349k before impairment at the end of the year, December 31, 2022: EUR 19,577k), Active Key GmbH (Munich) (goodwill: EUR 3,052k, December 31, 2022: EUR 3,052k), Theobroma Systems Design und Consulting GmbH (Vienna) (goodwill: EUR 458k, December 31, 2022: EUR 458k), Cherry Digital Health GmbH (Munich), Cherry E-Commerce GmbH (Munich), and Cherry Electronics (Hong Kong) Co Ltd. (Hong Kong/China).



For the purposes of the impairment test as of December 31, 2023 the recoverable amount was based on the value in use, measured using the discounted cash flow method.

The calculations were based on the forecast figures for revenue, EBIT and EBITDA taken from the Independent Business Review used during the negotiations of a supplementary agreement reached with UniCredit Bank GmbH in April 2024. The following average revenue growth rates are currently being assumed for the detailed planning period of 5 years: Cherry Europe GmbH/Cherry Xtrfy AB: 8.2% (2022: 7.1%), Cherry Americas LLC: 11.0% (2022: 20.5%), Zhuhai Cherry Electronics Co. Ltd.: 12.5% (2022: 14.1%), Cherry Electronics (Hong Kong) Co. Ltd.: 12.1% (2022: 16.1%), Cherry Digital Health GmbH: 15.2%, Cherry E-Commerce GmbH: 18.0%, Active Key GmbH: 18.1%, and Theobroma Systems Design und Consulting GmbH: 16.5%. After the detailed planning period, a growth rate of 1% (2022: 1%) was assumed for each of the CGUs, with the gross margin remaining roughly constant. For the cash-generating units the following cost of capital were applied: Cherry Europe GmbH/Cherry Xtrfy AB 13.63% (2022: 8.25%), Cherry Americas LLC 13.54% (2022: 8.26%), Cherry Digital Health GmbH 14.02% (2022: 8.25%), Zhuhai Cherry Electronics Co. Ltd. 13.48% (2022: 8.56%), Cherry E-Commerce GmbH 13.80% (2022: 8.25%), Cherry Electronics (Hong Kong) Co. Ltd. 12.76% (2022: 8.56%), Theobroma Systems Design und Consulting GmbH 13.50% (2022: 8.25%), Active Key GmbH 13.58% (2022: 8.25%).

Based on the recoverable amounts determined in this way, impairment losses of EUR 20,474k and EUR 4,678k respectively were recognized in 2023 on goodwill allocated to the Cherry Europe GmbH/Cherry Xtrfy AB and the Cherry Americas LLC cash-generating units, each of which also corresponded to a segment. Goodwill allocated to Cherry Europe GmbH/Cherry Xtrfy AB and to Cherry Americas LLC therefore stood at EUR 0k and EUR 4,830k respectively as of December 31, 2023. The impairment loss calculated for Cherry Europe GmbH/Cherry Xtrfy AB exceeded the goodwill allocated to that CGU. The excess loss amount of EUR 1,993k was spread across the remaining other assets required to be assessed in accordance with IAS 36 (of which EUR 583k brand, EUR 282k customer base, EUR 244k development costs, EUR 31k industrial property rights, licenses and patents, EUR 413k property, plant and equipment, and EUR 439k right-of-use assets). In addition, impairment losses were identified for the Digital Health GmbH cash-generating unit (=segment) amounting to EUR 5,086k (of which EUR 3,823k brands, EUR 1,247k development costs, EUR 2k industrial property rights, licenses and patents, EUR 2k property, plant and equipment, and EUR 12k

right-of-use assets) and for the Cherry Electronics (Hong Kong) Co. Ltd cash-generating unit (=segment) EUR 6,081k (of which EUR 4,280k brand and EUR 1,802k customer base). The recoverable amounts of the CGUs were as follows: Cherry Europe GmbH/Cherry Xtrfy AB EUR 84,397k, Cherry Americas LLC EUR 11,959k, Cherry Digital Health GmbH EUR -8,238k and Cherry Electronics (Hong Kong) Co. Ltd. EUR 1,073k, corresponding in each case to the value in use and calculated applying a cost of capital of 13.63% for Cherry Europe GmbH/Cherry Xtrfy AB, 13.54% for Cherry Americas LLC, 14.02% for Cherry Digital Health GmbH and 12.76% for Cherry Electronics (Hong Kong) Co. Ltd. The impairment requirement arose primarily in light of renewed revision of forecasts based on the Independent Business Review. If the revenue growth rates used were reduced or the cost of capital increased the recoverable amount of the cash-generating units Cherry Europe GmbH/Cherry Xtrfy AB, Cherry Americas LLC, Cherry Digital Health GmbH and Cherry Electronics (Hong Kong) Co. Ltd. would fall below the carrying amount. If the revenue growth rate used was reduced by 8.40% the recoverable amount of the cash-generating unit Zhuhai Cherry Electronics Co. Ltd. would equal the carrying amount.

In conjunction with the resegmentation carried out at the end of 2023, the carrying amounts of goodwill and brands remaining after the aforementioned impairment losses were allocated to the currently existing operating segments (which correspond to CGUs). Accordingly allocations were made to Components (goodwill EUR 1,281k, brands EUR 5,538k), Gaming Devices (goodwill EUR 2,064k, brands EUR 8,477k) Office Devices (goodwill EUR 7,357k, brands EUR 17,089k) and Digital Health & Solutions (goodwill EUR 15,986k, brands EUR 9,281k). Due to the resegmentation, an additional impairment test was performed for the operating segments, with the recoverable amount again calculated as the value in use, determined using the discounted cash flow method.

The calculations were based on the forecast figures for revenue, EBIT and EBITDA taken from the Independent Business Review used during the negotiations of a supplementary agreement reached with UniCredit Bank GmbH in April 2024. The following average revenue growth rates are currently being assumed for the detailed planning period of 5 years: Components: 22.6%, Gaming Devices: 11.0%, Office Devices: 8.1%, Digital Health & Solutions: 17.5%. After the detailed planning period, a growth rate of 1% was assumed for each of the CGUs, with the gross margin remaining roughly constant. For the cash-generating units the following cost of capital were applied: Components 13.37%, Gaming Devices 13.64%, Office Devices 13.77%, Digital



Health & Solutions 13.62%. The recoverable amount of the brand is based on the value in use and is derived from the impairment test of the goodwill. It exceeds the fair value less costs of disposal of the brand calculated based on the present values of fictitious licence fees on revenues attributable to the brand. The licence rate amounted to 2.00% of revenue.

Based on the recoverable amounts determined in this way, impairment losses of EUR 1,281k and EUR 1,521k respectively were recognized in 2023 on goodwill allocated to the Components and Gaming Devices CGUs, each of which also corresponded to a segment. Goodwill allocated to the Components and Gaming Devices CGUs therefore stood at EUR 0k and EUR 543k respectively as of December 31, 2023. The impairment loss calculated for the Components CGU exceeded the goodwill allocated to it. The excess loss amount of EUR 23,115k was spread across the remaining other assets required to be assessed in accordance with IAS 36 (of which EUR 3,983k brands, EUR 430k customer base, EUR 3,044k development costs, EUR 65k industrial property rights, licenses and patents, EUR 7,562k property, plant and equipment, and EUR 8,031k right-of-use assets). The carrying amounts of brands allocated to Components and Gaming Devices therefore stood at EUR 1,555k and EUR 8,477k respectively as of December 31, 2023. The recoverable amounts of the CGUs were as follows: Components EUR 11,093k and Gaming Devices EUR 17,873k, corresponding in each case to the value in use and calculated applying a cost of capital of 13.37% for Components and 13.64% for Gaming Devices. If the revenue growth rates used were reduced or the cost of capital increased the recoverable amount of the cash-generating units Components and Gaming Devices would fall below the carrying amount. If the revenue growth rate used was reduced by 3.45% or the cost of capital increased by 0.39 percentage points the recoverable amount of the cash-generating unit Office Devices would equal the carrying amount.

Impairment losses on intangible assets are reported in the statement of comprehensive income within the following line items: "Impairment of goodwill" (EUR 55,866k), "Sales and marketing expenses" (EUR 17,129k) and "Research and development expenses" (EUR 6,704k).

In 2022, an impairment loss of EUR 29,882k was recognized on the goodwill allocated to the Cherry Europe GmbH cash-generating unit, which also corresponded to a segment. The carrying amount of the goodwill allocated to Cherry Europe GmbH therefore stood at EUR 45,849k as of December 31, 2022. The recoverable amount of the

CGU amounted to EUR 136,761k, which corresponded to the value in use. The calculation was based on a cost of capital of 8.25%. The impairment requirement resulted mainly from the fact that economic developments in the 2022 fiscal year and the business performance in the first quarter 2023 led Cherry to deviate from its original growth path, in the light of which business prospects for 2023 and subsequent years were reviewed and adjusted to the then prevailing circumstances. The reduced growth expectations as well as the increased cost of capital had a negative impact on the future inflow of benefits.



### 6.3. Right-of-use assets and lease liabilities

Right-of-use assets developed during the year under report as follows:

Acquisition and production cost € thousand	Right-of-use assets – buildings	Right-of-use assets – plant and machinery	Right-of-use assets – tools	Right-of-use assets – vehicles	Right-of-use assets –other operationaland office equipment	Total
<b>Balance as of January 1, 2022</b>	10,947	8,646	2,606	535	43	22,778
Additions	56	1,416	478	371	–	2,321
Disposals	–	–	–	-167	-15	-182
Reclassifications	–	–	–	20	-20	–
Currency translation effects	-10	–	–	-2	–	-12
<b>Balance as of December 31, 2022</b>	10,993	10,062	3,084	757	8	24,905
Additions relating to business combinations	560	13	–	45	–	618
Additions	705	6,260	188	310	–	7,462
Disposals	-700	-1,076	-371	-122	–	-2,269
Reclassifications	–	–	–	–	–	–
Currency translation effects	-43	–	–	-8	–	-51
<b>Balance as of December 31, 2023</b>	11,515	15,259	2,901	982	8	30,665



Depreciation and impairment losses € thousand	Right-of-use assets – buildings	Right-of-use assets – plant and machinery	Right-of-use assets – tools	Right-of-use assets – vehicles	Right-of-use assets – other operationaland office equipment	Total
<b>Balance as of January 1, 2022</b>	1,639	2,045	869	211	25	4,789
Depreciation expense for the year	1,393	1,925	508	192	4	4,022
Impairment losses	–	1,661	–	–	–	1,661
Disposals	–	–	–	-103	-16	-119
Reclassifications	–	–	–	18	-18	–
Currency translation effects	-1	–	–	–	–	-1
<b>Balance as of December 31, 2022</b>	3,031	5,631	1,377	318	-5	10,352
Depreciation expense for the year	1,548	1,641	567	306	5	4,067
Impairment losses	2,719	7,442	1,072	47	8	11,288
Disposals	-687	-1,076	-371	-122	–	-2,257
Reclassifications	–	–	–	–	–	–
Currency translation effects	-46	–	–	-2	–	-48
<b>Balance as of December 31, 2023</b>	6,565	13,638	2,645	547	8	23,403
<b>Carrying amounts</b>						
<b>Balance as of January 1, 2022</b>	9,308	6,601	1,737	324	18	17,989
<b>Balance as of December 31, 2022</b>	7,962	4,431	1,707	439	13	14,553
<b>Balance as of December 31, 2023</b>	4,950	1,621	256	435	–	7,262

The Cherry Group's leasing activities relate primarily to leases for machinery, tools, vehicles, real estate and IT equipment. Lease agreements for machinery usually run for terms of between 4 and 7 years. Tools have a lease term of 4 years, vehicles 3-4 years, real estate 10-12 years and IT equipment 3-5 years.



Lease liabilities related to the following:

### Non-current liabilities

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Lease liabilities for buildings	6,510	6,665
Lease liabilities for machinery	7,684	4,546
Leasing liabilities for tools	974	1,416
Lease liabilities for vehicles	286	263
Lease liability for other operational and office equipment	3	8
<b>Total</b>	<b>15,457</b>	<b>12,898</b>

### Current liabilities

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Lease liabilities for buildings	1,319	1,439
Lease liabilities for machinery	2,952	1,855
Leasing liabilities for tools	486	557
Lease liabilities for vehicles	246	171
Lease liability for other operational and office equipment	5	5
<b>Total</b>	<b>5,008</b>	<b>4,027</b>

Maturity analysis of lease liabilities:

€ thousand	2023	2022
Up to 1 year	5,008	4,027
1 to 5 years	13,450	10,002
More than 5 years	2,007	2,896
<b>Total</b>	<b>20,465</b>	<b>16,925</b>
<b>Lease liabilities for buildings</b>	<b>7,829</b>	<b>8,104</b>
Up to 1 year	1,319	1,439
1 to 5 years	4,503	3,887
More than 5 years	2,007	2,778
<b>Lease liabilities for machinery</b>	<b>10,636</b>	<b>6,401</b>
Up to 1 year	2,952	1,855
1 to 5 years	7,684	4,482
More than 5 years	–	64
<b>Leasing liabilities for tools</b>	<b>1,460</b>	<b>1,973</b>
Up to 1 year	486	557
1 to 5 years	974	1,362
More than 5 years	–	54
<b>Lease liabilities for vehicles</b>	<b>532</b>	<b>434</b>
Up to 1 year	246	171
1 to 5 years	286	263
<b>Lease liability for other operational and office equipment</b>	<b>8</b>	<b>13</b>
Up to 1 year	5	5
1 to 5 years	3	8





The following amounts were recognized in the year under report through profit or loss:

€ thousand	2023	2022
Depreciation of right-of-use assets	4,067	4,022
Impairment losses on right-of-use assets	11,288	1,661
Interest expense for lease liabilities	442	290
Lease expense for short-term leases	230	-
Lease expense for leases of low-value assets	102	107
<b>Total amount recognized through profit or loss</b>	<b>16,129</b>	<b>6,080</b>

Impairment losses amounting to EUR 11,288k in 2023 were recognized in the statement of comprehensive income within the following line items: "Cost of sales" (EUR 10,384k), "Sales and marketing expenses" (EUR 166k), Research and development expenses (EUR 247k) and "Administrative expenses" (EUR 491k). These losses arose on the one hand from impairment testing in connection with the restructuring of the Group (EUR 2,783k, of which EUR 2,717k relating to the Components segment and EUR 66k to the Digital Health & Solutions segment) and on the other hand in conjunction with impairment tests performed at CGU level (as described in note 6.2), whereby the amount by which impairment exceeded goodwill was allocated to the remaining assets required to be assessed in accordance with IAS 36 (EUR 8,505k). Of this amount, EUR 35k and EUR 439k respectively related to the Cherry Digital Health GmbH and Cherry Europe GmbH/Cherry Xtrfy AB segments (before resegmentation) and EUR 8,031k to the Components segment (after resegmentation).

Impairment losses amounting to EUR 1,661k recognized in the 2022 fiscal year in the consolidated statement of comprehensive income within the line item "Cost of sales" related to three fully impaired right-of-use assets acquired in conjunction with leases for machinery used for Cherry VIOLA switch production in the Cherry Europe GmbH segment and result from the low demand for these switches and the decision to no longer pursue the "Cherry VIOLA" technology and to phase out the business with the related switches and keyboards.

Cash outflows for leases in 2023 totaled EUR 5,032k (2022: EUR 4,437k).

Cherry has concluded one lease for property as of December 31, 2023, the term of which will not begin until 2024. The non-cancelable basic term of the lease is 36 months. The monthly lease payment amounts to approximately EUR 19k.

#### 6.4. Inventories

Inventories comprised the following:

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Raw materials and supplies	16,477	16,321
Work in progress	3,735	2,407
Finished goods	6,878	12,845
Goods for resale	35,264	33,182
Advance payments to suppliers	92	266
<b>Total</b>	<b>62,446</b>	<b>65,021</b>

The decrease in inventories resulted primarily from proactive working capital management, including a comprehensive order freeze during the second half of the fiscal year, which resulted in a higher level of sell-offs of existing inventories and therefore more than offset the sharp rise in inventories that had arisen over the course of 2023 (June 30, 2023: EUR 80,300k).

Total write-downs on inventories as of December 31, 2023, including exchange rate effects, amounted to EUR 6,122k (December 31, 2022: EUR 1,895k). In the previous year, this included a positive impact of EUR 2,278k arising on the change in estimates used for valuation allowances as well as a net write-down on inventories of VIOLA keyboard switches, keyboards and spare parts amounting to EUR -901k. The latter amount was reported within EBIT, but not within EBITDA. In the 2023 fiscal year, write-downs were recognized on MX1 inventories in conjunction with the realignment of Cherry's components business amounting to EUR 2,677k and on other inventories identified as having limited saleability as part of the impairment test of all assets (on the basis of a so-called "triggering event") amounting to EUR 535k.



As in the previous year, all inventory write-downs were reported within cost of sales in the 2023 fiscal year.

The higher level of impairment in 2023 was attributable primarily to the write-downs recognized on MX1 inventories in connection with the restructuring of the COMPONENTS segment.

### 6.5. Other non-financial assets

Other non-financial assets comprised the following:

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Receivables relating to other taxes	167	352
Prepaid expenses	622	561
Other	290	1,327
<b>Other assets</b>	<b>1,079</b>	<b>2,240</b>

Receivables relating to other taxes comprise mainly sales taxes.

Prepaid expenses mainly include advance payments for services, SAP users and other software licenses, maintenance services, and insurance. The line item "Other" includes deposits for rented office space and, in the previous fiscal year, special effects from the change of a Chinese distributor. In this context, goods that had not yet been returned as of the balance sheet date were recognized as other non-financial assets in accordance with the requirements of IFRS 15.

## 7. EXPLANATORY NOTES TO GROUP EQUITY AND LIABILITIES

### 7.1. Equity

#### Subscribed capital

The subscribed capital of the parent company amounting to EUR 24,300k (December 31, 2022: EUR 24,300k) is fully paid up. Of this amount, EUR 1,110k (December 31, 2022: EUR 907k) is held by Cherry SE itself.

At the Annual General Meeting held on June 11, 2021, an authorized capital amounting to EUR 10,000,000 was resolved. The Management Board is authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one or more occasions on or before June 10, 2026 by a total of up to EUR 10,000,000 in return for cash and/or non-cash contributions, whereby the subscription rights of shareholders may be excluded (Authorized Capital 2021/I).

At the Annual General Meeting held on June 23, 2021, a conditional capital amounting to EUR 10,000,000 was resolved (Conditional Capital 2021/I).

#### Share Buyback Program

On June 9, 2022, the Management Board resolved, with the approval of the Supervisory Board, to launch a share buyback program based on the authorization granted by the Annual General Meeting held on June 23, 2021 ("Share Buyback Program 2022"). In accordance with the Share Buyback Program 2022, up to a total of 2,000,000 treasury shares (corresponding to up to approximately 8.2% of Cherry SE's share capital at the beginning of the year) could be repurchased in the period from June 13, 2022 to June 30, 2023 at a total purchase price (excluding incidental acquisition costs) of up to a maximum of EUR 25.0 million and a price cap of EUR 14.00 per share. As of the end of the reporting period and taking into account the treasury shares reused to date, a total of 1,110,284 shares with a volume of approximately EUR 7,494k had been acquired under the Share Buyback Program, corresponding to around 4.6% of the Cherry SE's share capital. The treasury shares acquired in this way may be used for all purposes approved by shareholders at the Annual General Meeting held on June 23, 2021, in particular as a purchase price component for business acquisitions or to service employee stock option programs. Treasury shares are deducted from equity



in the consolidated statement of financial position, thereby reducing subscribed capital by EUR 1,110k (December 31, 2022: EUR 907k) and capital reserves by EUR 6,384k (December 31, 2022: EUR 5,917k) plus accumulated transaction costs arising on the share buyback amounting to EUR 23k (2022: EUR 17k).

As of December 31, 2023, the subscribed capital comprises 24,300,000 (December 31, 2022: 24,300,000) ordinary bearer shares with no par value, 1,110,284 (December 31, 2022: 907,117) of which are held by Cherry SE.

### Development of the number of shares

Number of shares	2023	2022
<b>Balance as of January 1</b>	23,392,883	24,300,000
Treasury shares used in conjunction with business combinations	234,138	-
Repurchased in conjunction with the Share Buyback Program	-437,305	-907,117
<b>As of December 31</b>	<b>23,189,716</b>	<b>23,392,883</b>

### Capital reserves

Capital reserves stood at EUR 257,324k (December 31, 2022: EUR 257,585k). In 2023, they decreased by EUR 2,025k (2022: EUR 5,934k) in conjunction with the Share Buyback Program and increased by EUR 1,552k as a result of using treasury shares as a purchase price component for a business acquisition.

A share-based Long Term Incentive Program (LTI) was established at the time of the IPO in 2021, initially only for the Management Board of Cherry SE, and extended in 2022 to other senior executives. Further information is provided in note 11.3 (Related party disclosures). The share-based remuneration program gave rise to personnel expenses amounting to EUR 212k (2022: EUR 240k), which were required to be recognized directly in equity in accordance with IFRS 2 and therefore resulted in an increase in capital reserves.

### Accumulated other comprehensive income

Accumulated other comprehensive income comprised mainly differences amounting to EUR 2,391k (2022: EUR 4,777k) arising on the translation of the financial statements of the foreign subsidiaries into the Group's reporting currency (euro).

In addition, actuarial gains amounting to EUR 10k (2022: gains of EUR 121k) arising on pension obligations, net of deferred taxes thereon amounting to EUR 5k (2022: EUR -35k), were recognized through other comprehensive income.

Changes in equity during the year under report are shown in the consolidated statement of changes in equity.

### 7.2. Pension provisions

Pension provisions include deferred compensation for senior executives as well as defined-benefit pension plans for employees who wish to top up their post-retirement benefits by contributing part of their remuneration. Provisions are also recognized for defined benefit obligations in Germany for current and former employees and their surviving dependents.

The obligations are calculated using the projected unit credit method. In line with the pension commitment made, benefits are paid upon regular retirement, early retirement or death.

Under deferred compensation arrangements, senior executives defer part of their incentive payments and convert them into pension capital, payable at the earliest from the age of 62.

The defined benefit plan is only in use as a company pension arrangement (the so-called "ZF pension") at German companies of the Cherry Group. As of December 31, 2023, a provision for the ZF pension was recognized amounting to EUR 93k (December 31, 2022: EUR 97k) and reported as provisions for pensions and other obligations. The ZF pension also includes a long-service award component, whereby, based on a company agreement, the beneficiary is entitled to 1.3 months' pay for 25

years and 2.3 months' pay for 40 years of service. These amounts are, however, not paid out to the beneficiary immediately. Instead, they are converted into a so-called "long-service pension component".

Another component of the pension plan is the welfare fund for senior executives, which constitutes an employer-financed benefit. Previously, this category of people also had the option of participating in deferred compensation arrangements, for which a provision is recorded as of December 31, 2023 amounting to EUR 85k (December 31, 2022: EUR 621k).

The amount of the obligations arising from commitments made was calculated actuarially, applying the following assumptions:

#### Germany

in %	Dec. 31, 2023	Dec. 31, 2022
Discount rate	3.50	3.41
Pension trend	1.0	1.0
Duration in years	18	6

The 2018 G biometric tables issued by Prof. Dr. Klaus Heubeck are used as the basis of computation for pension obligations in Germany.

A change in the disclosed discount rate by +/- 0.25% points would result in a reduction of EUR 7.4k (December 31, 2022: EUR 8.1k) or an increase of EUR 7.9k (December 31, 2022: EUR 8.6k) in pension obligations as of December 31, 2023. For the purposes of measuring sensitivity, the same methodology was applied as that used to determine pension provisions at the end of the reporting period.

The amounts recognized in the statement of financial position arise as follows:

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Present value of pension benefits covered by accounting provisions	178	718
Present value of funded pension benefits	–	–
<b>Pension provisions</b>	<b>178</b>	<b>718</b>

The present value of pension obligations developed as follows during the year under report:

#### Development of present value of pension obligations

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Present value of defined benefit obligations as of January 1	718	917
Interest expense	21	6
New actuarial (gains) / losses arising	-10	-127
Pension plan payments	-551	-78
Other changes	–	–
<b>Present value of defined benefit obligations as of December 31</b>	<b>178</b>	<b>718</b>

New actuarial gains/losses arose primarily as a result of financial-mathematical effects.



The pension expense for defined benefit obligations reported in the income statement comprised the following:

#### Allocation of pension expense

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Current service cost	–	–
Interest expense	21	6
<b>Total</b>	<b>21</b>	<b>6</b>

The expense incurred from unwinding the discount on pension obligations is reported as part of interest expense within the financial result.

Pension agreements in place at the end of the year under report give rise to the following pension payment obligations for the Cherry Group, analyzed by the expected due date:

#### Analysis of benefit payments by due date

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Up to 1 year	2	194
More than 1 year	176	524
	<b>178</b>	<b>718</b>

Defined contribution pension plan entitlements exist at the level of the German subsidiary as well as the foreign companies, resulting in the recognition of a total expense for defined contribution plans in the 2023 fiscal year amounting to EUR 2,131k (2022: EUR 2,545k).

### 7.3. Other provisions

Other provisions developed as follows:

#### Other provisions (current)

€ thousand	Warranties	Other	Total
<b>Balance as of January 1, 2023</b>	<b>178</b>	<b>75</b>	<b>253</b>
Additions relating to business combinations	26	–	26
Utilized	–	-52	-52
Reversed	–	-22	-22
Allocated	325	63	388
Currency impact	-5	–	-5
<b>Balance as of December 31, 2023</b>	<b>524</b>	<b>64</b>	<b>588</b>

The provision for warranties is calculated based on past experience. Assumptions used to calculate the provision for warranty claims were based on current sales levels and current information available about returns based on the warranty period for all products sold.

#### Other provisions (non-current)

€ thousand	Warranties	Long service awards	Total
<b>Balance as of January 1, 2023</b>	<b>345</b>	<b>420</b>	<b>765</b>
Utilized	-151	-44	-195
Reversed	–	–	–
Allocated	174	10	184
Unwinding of discounts (+)/ discounting (-)	–	14	14
Currency impact	-1	–	-1
<b>Balance as of December 31, 2023</b>	<b>367</b>	<b>400</b>	<b>767</b>



The non-current portion of warranty provisions covers a period of up to 3 years. Long-service awards are granted for working for 25 years and 40 years for the company.

#### 7.4. Other non-financial and financial liabilities

##### Other non-financial and financial liabilities (current)

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Liabilities to employees	8,729	2,400
Other tax liabilities	1,372	677
Contract liabilities	–	759
Other liabilities	116	–
Total other non-financial liabilities	10,217	3,836
Other financial liabilities	9,085	6,088
<b>Total</b>	<b>19,302</b>	<b>9,924</b>

As at the end of the previous fiscal year, liabilities to employees as of December 31, 2023 comprised liabilities for accrued vacation and time credits as well as performance-based payments and leave of absence and redundancy payments. The year-on-year increase was mainly attributable to the repositioning of the Components segment decided at the end of 2023.

Other tax liabilities include payroll tax and VAT liabilities.

Contract liabilities are reported under current and non-current liabilities depending on the term. These are recognized in revenue on the basis of quantities sold. Of the carrying amount of the contract liabilities at the end of the previous fiscal year amounting to EUR 759k, EUR 759k resulted in revenues in 2023. No further contract liabilities were added in the 2023 fiscal year.

Other financial liabilities include in particular customer bonuses amounting to EUR 5,837k (December 31, 2022: EUR 1,195k) and advertising allowances amounting to EUR 38k (December 31, 2022: EUR 734k) related to marketing initiatives with customers in the first and second levels of trade, as well as accruals for services provided by

the Supervisory Board and for the audit of the annual financial statements. The customer bonus is calculated using a defined revenue target and comprised the annual bonus and quarterly bonus for the fourth quarter of the respective year and recorded as a deduction from revenue.

Also included are liabilities for outstanding supplier invoices amounting to EUR 761k (December 31, 2022: EUR 3,617k), business acquisition purchase price payments amounting to EUR 724k (December 31, 2022: EUR 0k) and derivative financial instruments amounting to EUR 143k (December 31, 2022: EUR 0k).

##### Other non-financial liabilities (non-current)

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Investment grants	95	105

Investment grants relate to government-funded production facilities of a foreign subsidiary.

#### 7.5. Financial debt

The Cherry Group's current and non-current financial debt mainly relate to liabilities to banks.

On June 29, 2021, a credit facility totaling EUR 55,000k was agreed with UniCredit Bank GmbH in Munich, of which EUR 10,000k was designated as an overdraft facility.

As of December 31, 2023, an amount of EUR 45,000k (December 31, 2022: EUR 45,000k) out of the credit facility (tranche A) was being utilized. No collateral has been provided in conjunction with the credit agreement. The overdraft facility of EUR 10,000k was not being utilized as of December 31, 2023. As of the end of the reporting period, guarantees had been provided by the bank amounting to EUR 305k (of which: a rental guarantee for EUR 300k and customs guarantees for EUR 5k), which reduced the available overdraft facility accordingly.

The credit agreement runs for a term of five years. The interest rate for each component of the loan is calculated as a percentage of the sum of the applicable interest



rates, comprising a bank margin added as an uplift to the underlying EURIBOR interest rate for the corresponding agreed draw-down term for tranche A (3 or 6 months) and the current account overdraft facility (1, 3 or 6 months). In December 2023, the agreed margin was also adjusted as part of the newly agreed credit line arrangements. In addition, a commitment fee of 0.753% (as of December 31, 2023) is charged for amounts not drawn down from tranche A and for the current account overdraft facility. The credit agreement contains financial covenants requiring, among other things, compliance with a net leverage ratio that is limited to a net debt ratio of 2.25 to adjusted EBITDA over 12 months.

The agreed key figures were not met for the first time during the third quarter 2023. This fact was communicated to UniCredit Bank GmbH on November 15 in the form of a certificate of compliance. In this context, a waiver application was submitted, which the bank granted on December 21, subject to specified conditions. It was agreed with UniCredit Bank GmbH that Cherry would make a EUR 10,000k early repayment at the end of January 2024 and that overdraft facility would be reduced by EUR 5,000k. In this context, an administration fee amounting to EUR 200k is required to be paid and the margin on the remaining drawn credit line of EUR 35.0 million was increased by 1.0 percentage point. In view of the fact that the covenants were similarly not complied with in the fourth quarter 2023, the bank had the right to demand early repayment of the outstanding credit amount as of December 31, 2023. For this reason, the full amount of the bank liabilities is reported in the statement of financial position as of that date within current financial debt. On May 3, 2024, a new agreement was signed with UniCredit Bank GmbH that ensures the Company's continued financing. Further information can be found in the supplementary report under "Events after the end of the reporting period".

### Current financial debt

As of December 31, 2023, in addition to the above-mentioned loan with UniCredit Bank GmbH (Tranche A) amounting to EUR 45,000k (nominal), foreign subsidiaries had short-term bank loans amounting to EUR 209k (December 31, 2022: EUR 208k).

### Non-current financial debt

As of December 31, 2023, non-current financial debt comprised mainly a financing loan payable by a German subsidiary amounting to EUR 174k (December 31, 2022: EUR 218k) and non-current bank loans payable by a foreign subsidiary amounting to EUR 52k (December 31, 2022: EUR 253k). In the previous year, the non-current portion of the total credit line that was being utilized (Tranche A) as of December 31, 2022 amounting to EUR 45,000k (nominal) was also reported as non-current financial debt.

### 7.6. Deferred taxes

After offsetting deferred tax assets and liabilities, the amounts presented in the Consolidated Financial Statements are as follows:

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Deferred tax assets	3,283	4,938
Deferred tax liabilities	10,746	20,216



Deferred tax assets and liabilities relate to the following significant line items in the consolidated statement of financial position:

€ thousand	Dec. 31, 2023		Dec. 31, 2022	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	715	15,393	429	22,036
Property, plant and equipment	1,005	–	69	2,143
Receivables	300	17	258	24
Inventories	1,280	344	1,412	–
Other assets	8	71	1	300
Pension provisions	15	–	22	–
Other provisions	27	–	6	–
Payables	609	77	95	76
Tax losses available for carryforward	703	–	6,319	–
Right-of-use assets from leases	–	2,161	–	4,193
Lease liabilities	5,938	–	4,883	–
<b>Total</b>	<b>10,600</b>	<b>18,063</b>	<b>13,494</b>	<b>28,772</b>
Offset	-7,317	-7,317	-8,556	-8,556
<b>Total</b>	<b>3,283</b>	<b>10,746</b>	<b>4,938</b>	<b>20,216</b>

Tax losses available for carryforward totaled EUR 49,388k (December 31, 2022: EUR 16,413k), of which EUR 3,762k (December 31, 2022: EUR 15,824k) can be utilized within the next 20 years. This results in deferred tax assets amounting to EUR 703k (December 31, 2022: EUR 4,176k).

No deferred tax assets were recognized on tax losses available for carryforward as of December 31, 2023 (December 31, 2022: EUR 589k), EUR 552k (December 31, 2022: EUR 589k) of the losses can be utilized within the next 20 years and EUR 45,074k

(December 31, 2022: EUR 0k) can be carried forward indefinitely. In addition, deferred tax assets amounting to EUR 2,627k (December 31, 2022: EUR 2,144k) relating to available interest carryforwards totaling EUR 10,059k were not recognized due to lack of usability.

No deferred taxes were recognized for taxable temporary differences on investments in subsidiaries amounting to EUR 909k (December 31, 2022: EUR 990k), because the Group can control their reversal and no reversals are likely to occur in the foreseeable future.

Current income tax expense in 2023 was not reduced by tax credits (2022: EUR 20k).

The change in permanent differences was mainly attributable to the impairment loss of EUR 55,866k (December 31, 2022: EUR 29,882k) recognized in profit or loss resulting from the measurement of assets (goodwill impairment), as well as to the recognition – directly through equity – of the acquisition of treasury shares/share options (EUR 62k) and EUR 20k from the first-time consolidation of the newly acquired Swedish subsidiary. Tax expenses relating to prior years include EUR 5,952k (December 31, 2022: EUR 0k) resulting from the recognition of a valuation allowance on deferred tax assets previously recognized on loss and interest carryforwards.

The Group tax rate edged up in 2023 to 29.56% (2022: 29.13%), based on German corporation tax at 15% (plus solidarity surcharge of 5.5%) and municipal trade tax at 13.7% (2022: 13.3%). The change in the tax rate results from a change in the weighting of the permanent establishments as part of the calculation of the average municipal trade tax rate. The local income tax rates applied to foreign companies vary between 16.5% and 25.0% (2022: 16.5% and 26.63%). The change in the highest foreign tax rate was due to the decrease in the local income tax rate in the USA from 5.627% to 2.361%. As a result, the highest foreign tax rate of 25% is now applied in Zhuhai (China). The deferred tax expense attributable to changes in tax rates amounted to EUR 394k (December 31, 2022: EUR 45k).

Deferred tax assets include an amount of EUR 931k (December 31, 2022: EUR 6,738k), where deferred tax assets exceed deferred tax liabilities, and which relate to Group companies that have suffered a tax loss. Based on the current forecasts for these entities, the Group concluded that the deferred tax assets are recoverable in light of





the estimated future taxable income.

The following table reconciles the expected tax expense to the actual disclosed tax expense. In order to determine the expected tax income/expense, the profit/loss before income taxes has been multiplied by the Group's effective tax rate.

€ thousand	2023	2022
Loss before tax	-133,807	-38,348
Expected tax income	-39,550	-11,169
Divergent foreign tax rates	315	-639
Tax-exempt income	-221	-251
Expenses not deductible for tax purposes	345	353
Foreign withholding tax	160	468
Impact of tax losses available for carryforward	8,859	6
Impact of tax rate changes	394	-
Tax expense relating to current tax of prior periods	6,170	135
Change in permanent differences	16,596	8,466
Other	7	11
<b>Actual income tax income</b>	<b>-6,926</b>	<b>-2,620</b>
<b>Effective tax rate (in %)</b>	<b>5.2</b>	<b>6.8</b>

## 8. EXPLANATORY NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 8.1. Revenue

Revenue recognized in accordance with IFRS 15 based on the currently applicable price lists and price discounts break down as follows in accordance with IFRS 15.114:

#### Revenue by product type

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Keyboard Switches	10,864	21,639
Gaming Devices	28,172	19,571
Office	53,867	47,740
Industry	7,762	6,583
Point of Sales Products	2,771	3,887
Security	6,238	6,970
eHealth	16,787	26,124
<b>Total revenue by product type</b>	<b>126,461</b>	<b>132,514</b>

Revenue reported for gaming devices in 2022 took into account the switch to a new Chinese distributor, in connection with which a separate agreement was reached on the return of remaining inventories in order to be able to resell them directly to the new distributor as part of an initial fit-out. Due to delays in the take-back process, mainly caused by incomplete quality checks during the take-back process, goods worth CNY 10.8 million (~ EUR 1.5 million) could not yet be taken back and delivered to the new distributor by the end of 2022. In line with the requirements of IFRS 15, this led to a temporary reduction in revenue, which was subsequently be fully reversed after the completion of the change of distributor. The take-back process was fully completed in February 2023.



The Cherry Group recognizes revenue from the sale of products and services at the point in time when control and benefits are transferred to the dealer or customer. In accordance with the requirements of IFRS 15.B20 et seq., revenue generated from sales to end customers via Cherry's eCommerce channels is recognized at the time the goods are handed over to the shipment provider and adjusted on a proportionate basis to take account of the expected proportion of items likely to be returned on the basis of statutory or contractually guaranteed cancellation rights, through to the date on which such rights expire. Deliveries that have not (yet) been paid are reported as trade receivables.

The analysis of revenue by region is based on the regional domicile of customers.

#### Revenue by region 2023

€ thousand	Germany	USA	China	Hong Kong	Other	Total
Components	1,252	1,202	2,198	4,526	1,686	10,864
Gaming Devices	859	1,613	18,098	1	7,601	28,172
Office Devices	23,576	7,822	2,782	47	30,173	64,400
Digital Health & Solutions	15,452	1,763	101	27	5,682	23,025
<b>Total revenue by region</b>	<b>41,139</b>	<b>12,400</b>	<b>23,179</b>	<b>4,601</b>	<b>45,142</b>	<b>126,461</b>

#### Revenue by region 2022

€ thousand	Germany	USA	China	Hong Kong	Other	Total
Components	456	498	6,160	11,215	3,310	21,639
Gaming Devices	276	687	14,781	194	3,633	19,571
Office Devices	33,942	6,936	1,857	124	15,351	58,210
Digital Health & Solutions	25,195	1,122	114	-	6,663	33,094
<b>Total revenue by region</b>	<b>59,869</b>	<b>9,243</b>	<b>22,912</b>	<b>11,533</b>	<b>28,957</b>	<b>132,514</b>

#### 8.2. Other operating income

€ thousand	2023	2022
Exchange gains	805	1,748
Gains on sales of property, plant and equipment	-	4
Other	223	224
<b>Total</b>	<b>1,028</b>	<b>1,976</b>

Exchange rate gains in 2023 amounting to EUR 805k (2022: EUR 1,748k) result from measurement effects arising at the end of the reporting period as well as realized gains on transactions in foreign currencies.



### 8.3. Cost of materials

€ thousand	2023	2022
Cost of raw materials, supplies and purchased goods for resale	69,672	60,249
Cost of purchased services	1,512	1,660
<b>Total</b>	<b>71,184</b>	<b>61,909</b>

The cost of materials expense ratio for the 2023 fiscal year increased to 56.3% (2022: 46.7%). The year-on-year increase in the ratio was driven primarily by a combination of the one-time positive impact arising in the previous fiscal year due to the change in estimates used to determine age-related write-downs, but no longer applied in 2023 (EUR 2,278k), higher write-downs in connection with the restructuring of the COMPONENTS segment (EUR 3,213k) as well as the negative impact of changes in the product mix (EUR 3,837k).

### 8.4. Personnel expenses

The following amounts were recognized as personnel expense:

€ thousand	2023	2022
Direct and indirect remuneration	33,381	27,723
Social security costs	6,366	6,157
Pension costs	248	93
<b>Total</b>	<b>39,995</b>	<b>33,973</b>

The average number of employees by region developed as follows:

	2023	2022
Europe	369	414
North America	14	17
Asia	106	96
<b>Total</b>	<b>489</b>	<b>527</b>

The increase in personnel expenses was mainly attributable to expenses recognized for severance payments as well as for continued salary payments from the time employees are released from work as part of the restructuring (EUR 5,755k). These expenses were accrued at the end of 2023 with income statement effect and will be paid out for the most part during the 2024 fiscal year.

### 8.5. Other operating expenses

Other operating expenses comprised the following:

€ thousand	2023	2022
Exchange rate losses	688	1,637
Losses on sales of property, plant and equipment	70	15
Losses on sales of intangible assets	–	8
Other expenses	79	196
<b>Total</b>	<b>837</b>	<b>1,856</b>

The decrease in other expenses was mainly due to lower exchange rate losses compared to the previous year, mainly as a result of the hedging of USD-denominated transactions starting in 2023 and lower currency fluctuations.

### 8.6. Financial result

The financial result comprised the following:

€ thousand	2023	2022
Interest and similar income	-702	-8
Total interest income	-702	-8
Interest and similar expenses	3,359	1,857
Expenses from discounting and the unwinding of discounts	35	14
Total finance expense	3,394	1,871
<b>Total</b>	<b>2,692</b>	<b>1,863</b>



Interest and similar expenses mainly comprised mainly interest and like items amounting to EUR 2,551k (2022: EUR 1,168k) relating to the loan taken out in October 2021 and interest on lease liabilities amounting to EUR 442k (2022: EUR 290k).

As of December 31, 2023, the loan stood at an unchanged amount of EUR 45,000k. It is subject to a variable interest rate plus – since the ECB's most recent interest rate increase (September 2023) – an interest uplift (EURIBOR) of 3.972%. The total interest rate is 6.222%, giving an interest expense per quarter of EUR 708k. If the interest rate applicable since Q4 2023 is extrapolated, taking into account the margin agreed with UniCredit Bank GmbH and without taking the partial repayment at the end of January 2024 into account, interest expense is expected to rise by around EUR 450k p.a.

### 8.7. Income tax expense

Income tax income/expense comprised the following:

€ thousand	2023	2022
Deferred tax income (-) / expense (+)	-8,186	-5,410
Current tax income (-) / expense (+) thereof relating to prior periods: EUR 148 k (2022: EUR 135k)	1,260	2,790
<b>Total</b>	<b>-6,926</b>	<b>-2,620</b>

Deferred taxes reported in the statement of financial position, included EUR 5k (2022: EUR -35k) recognized through other comprehensive income in the 2023 fiscal year.

### 8.8. Earnings per share

Group net loss/profit in € thousand,  
number of shares in thousand,  
Earnings per share in EUR

	2023	2022
Group net loss attributable to shareholders of Cherry SE	-126,881	-35,728
Less dilutive effect of share-based remuneration	-	-
Group net loss attributable to shareholders of Cherry SE (for the purpose of calculating diluted earnings per share)	-126,881	-35,728
Weighted average number of shares in circulation	23,293	23,977
Dilutive effect of share-based remuneration	1	6
Weighted average number of shares in circulation (diluted)	23,294	23,983
Undiluted earnings per share	-5.45	-1.49
Diluted earnings per share	-5.45	-1.49



## 9. SEGMENT INFORMATION

Information about the operating segments is provided on a basis consistent with the system of internal reporting to the so-called “chief operating decision-maker”. The Management Board, as the chief operating decision-maker, manages the Group at the level of four operating lines of business (or operating segments), namely Components, Gaming Devices, Office Devices and Digital Health & Solutions. Due to the joint operational management and the comparability of the Gaming Devices and Office Devices lines of business in terms of content and business, these two lines of business are combined into one reportable segment for external reporting purposes in accordance with the requirements of IFRS 8.

- The COMPONENTS segment comprises the development, production and sale of keyboard switches with different product specifications, which are installed as components in gaming keyboards sold by leading global suppliers of computer peripherals as well as in Cherry’s own keyboards.
- The GAMING & OFFICE PERIPHERALS segment is made up of the two operating lines of business Gaming Devices and Office Devices and comprises the development, production and sale of computer peripherals for professional use in the gaming, e-sports, office and industry sectors. In addition to keyboards and mice, the product portfolio also includes desktop sets, headsets, microphones and various merchandise items.
- The DIGITAL HEALTH & SOLUTIONS segment comprises the development, production and sale of e-health terminals and PIN pads for the German healthcare sector as well as hygienic and secure computer input devices. The segment also includes business with embedded system solutions in the form of IoT modules (“Internet of Things”).

In addition to the reportable segments, one additionally reporting column is also presented. The CORPORATE & CONSOLIDATIONS column contains all expenses that are not directly triggered by the respective segments and therefore cannot be directly influenced by them. These expenses include primarily the functional costs arising at the level of the Group holding company (research and development expenses, marketing and selling expenses, administrative expenses) as well as administrative costs

in general. The latter includes for instance costs incurred for senior management and the Supervisory Board as well as the individual service lines (e.g. General Counsel, People & Culture, Finance, etc.), which provide services across all segments as internal service providers. Expenses are only allocated directly to a segment if they can be clearly assigned (e.g. external consulting fees arising in conjunction with segment-specific strategic projects). The reporting column also includes all income statement items which, in the view of the Management Board, have no influence on the decision-making process with regard to the management of an individual segment. This applies to all income statement line items below EBIT (mainly financial result and income taxes). In addition, the column shows all necessary consolidation entries pertaining to intragroup cross-segment transactions (e.g. elimination of inter-segment revenue).

All assets and liabilities relevant to management are allocated directly to the segments. The assets allocated directly to the segments mainly comprise property, plant and equipment, intangible assets and trade receivables. Liabilities mainly comprise trade payables, other payables and provisions (in each case excluding tax liabilities/provisions). Bank balances, financial debt and equity are not allocated to the segments in view of the fact that cash flows, refinancing and the allocation of capital resources are managed at Group level, with the Group holding company managing liquidity throughout the Group.

The Management Board assesses the profitability of the operating segments on the basis of revenue and gross profit (GPII margin). The Group’s profitability is assessed on the basis of Group revenue and adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA).



The following table shows segment information for the reportable segments for the 2023 fiscal year, as communicated to the Management Board.

€ thousand	COMPONENTS	GAMING & OFFICE PERIPHERALS	DIGITAL HEALTH & SOLUTIONS	CORPORATE & CONSOLIDATIONS	Group
<b>Revenue (segment revenue)</b>	13,366	92,572	23,025	-2,502	126,461
external revenue	10,864	92,572	23,025	-	126,461
intragroup revenue	2,502	-	-	-2,502	-
Cost of sales	-48,642	-63,298	-14,446	2,610	-123,777
<b>Gross profit/loss</b>	<b>-35,276</b>	<b>29,274</b>	<b>8,579</b>	<b>108</b>	<b>2,684</b>
Marketing and selling expenses	-12,695	-18,547	-9,408	-3,034	-43,684
Research and development expenses	-5,424	-1,993	-6,827	-1,505	-15,749
Administrative expenses	-586	-239	-467	-17,400	-18,693
Other operating income/expenses, net	-6,295	-48,902	-654	176	-55,674
<b>EBIT</b>	<b>-60,277</b>	<b>-40,407</b>	<b>-8,777</b>	<b>-21,656</b>	<b>-131,116</b>
<b>EBIT (adjusted)<sup>1</sup></b>	<b>-6,114</b>	<b>10,774</b>	<b>1,089</b>	<b>-19,004</b>	<b>-13,255</b>
<b>EBIT margin (adjusted)<sup>1</sup></b>	<b>-45.7%</b>	<b>11.6%</b>	<b>4.7%</b>	<b>759.6%</b>	<b>-10.5%</b>
Depreciation, amortization and impairment losses	-53,392	-53,151	-13,372	-939	-120,855
<b>EBITDA</b>	<b>-6,885</b>	<b>12,745</b>	<b>4,596</b>	<b>-20,717</b>	<b>-10,261</b>
<b>EBITDA (adjusted)<sup>1</sup></b>	<b>1,751</b>	<b>14,102</b>	<b>4,665</b>	<b>-18,445</b>	<b>2,073</b>
<b>EBITDA margin (adjusted)<sup>1</sup></b>	<b>13.1%</b>	<b>15.2%</b>	<b>20.3%</b>	<b>737.2%</b>	<b>1.6%</b>

<sup>1</sup> Adjusted for one-off and/or non-operating items.



The following table shows segment information for the 2022 fiscal year:

€ thousand	COMPONENTS	GAMING & OFFICE PERIPHERALS	DIGITAL HEALTH & SOLUTIONS	CORPORATE & CONSOLIDATIONS	Group
<b>Revenue (segment revenue)</b>	25,912	77,781	33,093	-4,272	132,514
external revenue	21,639	77,781	33,093	-	132,514
intragroup revenue	4,272	-	-	-4,272	-
Cost of sales	-34,284	-47,487	-18,370	4,497	-95,644
<b>Gross profit/loss</b>	<b>-8,373</b>	<b>30,295</b>	<b>14,723</b>	<b>225</b>	<b>36,870</b>
Marketing and selling expenses	-2,346	-12,679	-3,380	-925	-19,330
Research and development expenses	-2,860	-1,954	-3,808	-420	-9,042
Administrative expenses	-	117	-458	-14,880	-15,221
Other operating income/ expenses, net	-29,882	-	-45	166	-29,761
<b>EBIT</b>	<b>-43,461</b>	<b>15,779</b>	<b>7,033</b>	<b>-15,836</b>	<b>-36,485</b>
<b>EBIT (adjusted)<sup>1</sup></b>	<b>-42,828</b>	<b>16,999</b>	<b>7,033</b>	<b>-14,709</b>	<b>-33,505</b>
<b>EBIT margin (adjusted)<sup>1</sup></b>	<b>-165.3%</b>	<b>21.9%</b>	<b>21.3%</b>	<b>344.3%</b>	<b>-25.3%</b>
Depreciation, amortization and impairment losses	-42,279	-2,564	-3,301	-563	-48,706
<b>EBITDA</b>	<b>-1,182</b>	<b>18,343</b>	<b>10,333</b>	<b>-15,273</b>	<b>12,222</b>
<b>EBITDA (adjusted)<sup>1</sup></b>	<b>-549</b>	<b>19,563</b>	<b>10,333</b>	<b>-14,147</b>	<b>15,201</b>
<b>EBITDA margin (adjusted)<sup>1</sup></b>	<b>-2.1%</b>	<b>25.2%</b>	<b>31.2%</b>	<b>331.1%</b>	<b>11.5%</b>

<sup>1</sup> Adjusted for one-off and/or non-operating items.



## Reconciliation of EBIT to operating loss before tax:

€ thousand	2023	2022
Adjusted EBIT of reportable segments	5,749	-18,796
Corporate & Consolidations	-19,004	-14,709
Adjustments	-117,861	-2,980
EBIT	-131,116	-36,485
Financial result	-2,691	-1,863
<b>Loss before tax</b>	<b>-133,807</b>	<b>-38,348</b>

Adjustments include one-time, non-operating exceptional items in connection with personnel expenses, write-downs on inventories, M&A transactions, strategic projects as well as other one-time, non-operating exceptional items and impairment losses.

**Group-wide information**

Information about revenue by product group and geographical area is provided in note 8.1. (Revenue). The analysis of revenue by region is based on the regional domicile of customers.

Non-current assets, excluding financial instruments and deferred tax assets, are located in the following countries:

2023						
€ thousand	Germany	USA	China	Hong Kong	Rest of Europe	Total
<b>Non-current assets</b>	50,207	11,035	10,782	15,855	6,425	94,304
2022						
€ thousand	Germany	USA	China	Hong Kong	Rest of Europe	Total
<b>Non-current assets</b>	140,207	14,080	30,487	9,287	3,276	197,337

In the 2023 fiscal year, revenue amounting to more than 10% of total revenue was generated in each case with four customers. Revenue amounting to EUR 18,783k (Gaming segment EUR 16,291k and Office Peripherals segment EUR 2,492k) was generated with one customer, revenue amounting to EUR 16,387k (Gaming segment EUR 499k, Office Peripherals segment EUR 15,540k and Digital Health segment EUR 348k) with a second customer, revenue amounting to EUR 14,287k (Components segment EUR 112k, Gaming segment EUR 2,582k, Office Peripherals segment EUR 11,476k and Digital Health segment EUR 117k) with a third customer and revenue amounting to EUR 14,799k (Gaming segment EUR 324k, Office Peripherals segment EUR 13,093k and Digital Health segment EUR 1,382k) was generated with one further customer. In the 2022 fiscal year, no customer accounted for more than 10% of total revenue.





## 10. EXPLANATORY NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The Cherry Group's consolidated cash flow statement shows how cash and cash equivalents have changed as a result of cash inflows and outflows during the 2023 and 2022 fiscal years, and therefore provides information on the source and application of funds. The cash flow statement has been drawn up in accordance with IAS 7 Statements of Cash Flows, distinguishing between cash flows from operating, investing and financing activities.

Cash flows from operating activities include outflows for transaction costs incurred in conjunction with the acquisition of subsidiaries amounting to EUR 137k (2022: EUR 282k).

The acquisition of Xtrfy Gaming AB and Built on Experience AB in the fiscal year 2023 resulted in a cash outflow of EUR 3,922k, less cash amounting to EUR 375k acquired in conjunction with the business combination.

The acquisition of Active Key in 2021 gave rise to cash outflows for the purchase price amounting to EUR 4,726k, less cash amounting to EUR 477k acquired in conjunction with the business combination. Cash flows from investing activities in the 2022 fiscal year included a further EUR 1,600k of cash outflows relating to the purchase price.

Cash flows from financing activities include new loans raised amounting to EUR 0k (2022: EUR 0k) and repayments amounting to EUR 1,146k (2022: EUR 617k) at the level of Cherry SE as well as domestic and foreign subsidiaries. Further information about new loans raised and loan repayments is provided in note 7.5 (Financial debt).

Cash and cash equivalents as of December 31, 2023 exclusively comprised short-term bank balances with a remaining term of less than 3 months amounting to EUR 46,083k (December 31, 2022: EUR 92,848k).

Reconciliation of changes in financial liabilities to cash flows from financing activities:

€ thousand	Loans payable	Lease liabilities	Total
<b>Opening balance as of Jan. 1, 2022</b>	46,297	18,531	64,828
+ New loans raised	-	-	-
- Loan repayments	-617	-3,751	-4,368
+/- Other	-194	2,145	1,951
<b>Closing balance as of Dec. 1, 2022</b>	45,486	16,925	62,411
+ Additions relating to business combinations	1,224	618	1,842
+ New loans raised	-	-	-
- Loan repayments	-1,146	-4,258	-5,404
+/- Other	-267	7,180	6,913
<b>Closing balance as of Dec. 31, 2023</b>	45,297	20,465	65,762

The line item "Other" comprises mainly an increase in lease liabilities that did not result in an outflow of funds as well as foreign currency effects.



## 11. OTHER DISCLOSURES

### 11.1. Contingent liabilities

As in the previous year, no guarantees were issued during the 2023 fiscal year and the CHERRY Group has no contingent liabilities.

### 11.2. Other disclosures on risk and capital management and financial instruments

#### Capital management

The Cherry Group determines its capital requirements in relation to its risk exposures. It manages its capital structure and adjusts it, where necessary, considering changes in the economic environment. This includes managing the Group's equity and non-current financial debt. The primary objective of the Group's capital management is to reduce its financing expense by maintaining a strong credit rating and healthy equity ratio and to ensure financial stability and a high cash conversion ratio. Group equity is monitored centrally by the Group's management team and Group Treasury. The agreements with lenders existing as of December 31, 2023 and December 31, 2022 included agreements stipulating compliance with certain financial covenants. These key figures were not met for the first time during the third quarter 2023, which was communicated to UniCredit Bank GmbH on November 15 in the form of a certificate of compliance. In this context, a waiver application was submitted, which the bank granted on December 21, subject to specified conditions. In view of the fact that the covenants were similarly not complied with in the fourth quarter 2023, the bank had the right to demand early repayment of the outstanding credit amount as of December 31, 2023. On May 3, 2024, an amendment to the existing credit agreement was agreed with UniCredit Bank GmbH that ensures the Company's continued financing. Further information can be found in the supplementary report under "Events after the end of the reporting period".

Further information about the Group's financing strategy is provided in the section on Group net assets and capital structure in the Group Management Report.

#### Financial risk management objectives and methods

During its operating activities, the Cherry Group is exposed to interest rate and foreign currency risks. In addition, liquidity and credit risks may arise from the financial instruments recognized. The Group's policy is aimed at avoiding or mitigating these risks as far as possible. Hedging measures (except currency hedging) are generally implemented at the level of the individual companies concerned. Currency hedging is carried out centrally by the Group.

#### Interest rate risk

Interest rate risks arise from interest rate changes which could have negative effects on the assets, liabilities, financial position and financial performance of the Group. Fluctuations in interest rates lead to changes in the interest result as well as changes in the carrying amounts of interest-bearing assets.

A loan was raised in October 2021 with UniCredit Bank GmbH, which gave rise to interest and loan repayments going forward. Interest rates are fixed periodically and are based on 12-month Euribor with a floor of 0%.

A hypothetical increase/decrease in interest rates of 25 percentage points per annum relevant for finance liabilities subject to interest as of December 31, 2023 would have caused interest expenses to be EUR 113k higher (December 31, 2022: EUR 113k), with a corresponding reduction in equity. Taking into account the interest rate floor, this only applies to an interest rate of up to 0%.

#### Foreign currency risk

Due to the Cherry Group's international focus, the Group is exposed to foreign currency risks from its operating activities as a result of exchange rate fluctuations between the functional currencies of the Group companies and other currencies. Currency risks as defined by IFRS 7 arise on account of financial instruments of a monetary nature being denominated in a currency that is not the functional currency. Significant non-derivative items which give rise to currency risks for the Group are cash, receivables and payables. For transactions settled in US dollars, Chinese yuan and pounds sterling, changes in the respective exchange rate in relation to the euro or other functional currencies of Group companies may have a significant impact on



the Group's cash flows. However, the currency risk is manageable for the Group as a significant portion of its materials are purchased in USD or CNY and the Group has its own production facilities in China. For the Cherry Group, there is an excess of expenditures in US dollars over income. Currency hedging instruments have been deployed since the beginning of 2023 to hedge USD exposures. Currency exposures from rising sales to the UK are partially hedged by price adjustment clauses agreed with customers.

A hypothetical change in the foreign exchange rates of +/- 5% relevant for receivables and payables as of December 31, 2023 which are not denominated in the functional currency of the respective Group company would have led to an effect on pre-tax profit or loss of EUR -97k and EUR +107k (December 31, 2022: EUR -202k and EUR +223k), respectively, with a corresponding change in equity.

### Liquidity risk

The most important objective of the Group is to ensure the solvency of all Cherry companies at all times. Financing is organized primarily at corporate level by the holding company Cherry SE and is monitored by Group Management together with Treasury and Controlling.

The following table shows the contractual undiscounted payments in connection with the Group's financial debt as of the reporting date on the basis of undiscounted cash flows in subsequent years. The table includes all instruments held as of 31 December 31, 2023 and for which payments had already been contractually agreed. Amounts denominated in a foreign currency are translated at the respective closing rate. The variable interest payments on the financial instruments, in particular on loans, are calculated using expected interest rates. As a result of the reclassification of the EUR 45.0 million loan payable to UniCredit Bank GmbH to current financial debt, the full amount of the loan is included in the cash flows for the 2024 fiscal year in the table below. Financial liabilities that are repayable on demand are always assigned to the earliest possible time band. Due to the fact that Cherry will continue to require financing in the form of a loan, comparable financing arrangements as before have been assumed for the interest payments. For this reason, corresponding interest payments have been included in the cash flows for 2024 and subsequent years. The disclosures are made on the basis of the contractual, non-discounted payments.

### Carrying amount Cash flows

€ thousand	Carrying amount		Cash flows	
	Dec. 31, 2023	2024	2025	2026 and thereafter
Loans and borrowings subject to interest	45,297	-47,966	-2,650	-1,333
Other current financial debt (excluding derivative financial instruments)	8,942	-8,942	-	-
Trade payables	17,808	-18,532	-	-
Derivative financial instruments	143	-143	-	-

€ thousand	Carrying amount		Cash flows	
	Dec. 31, 2022	2023	2024	2025 and thereafter
Loans and borrowings subject to interest	45,486	-2,288	-2,282	-48,736
Other current financial debt	6,088	-6,088	-	-
Trade payables	30,886	-30,886	-	-

### Credit risks

Credit risk related to a financial asset is the risk that the counterparty will not meet its obligations. The maximum exposure to loans issued and customer receivables is equal to the carrying amounts before specific bad debt allowances. The credit risk relating to derivative financial instruments is classified as low due to the low volume, the relatively short maturities and good creditworthiness of the contractual partners. Outstanding trade receivables are reported to management and monitored on an ongoing basis. Proactive action is taken to collect overdue receivables as part of the Group's dunning process. In the past, impairment losses on trade receivables have only occurred on an insignificant scale. For this reason, the Cherry Group only recognizes specific valuation allowances as deemed necessary.



### Carrying amounts and fair values by measurement category

The following table shows the carrying amounts of the Group's significant financial instruments broken down by category:

€ thousand	Dec. 31, 2023	Dec. 31, 2022
<b>Assets measured at amortized cost</b>		
Trade receivables	30,611	16,348
Cash and cash equivalents	46,083	92,848
<b>Assets measured at fair value</b>		
Non-current financial assets	90	–
<b>Total</b>	<b>76,784</b>	<b>109,196</b>

€ thousand	Dec. 31, 2023	Dec. 31, 2022
<b>Liabilities measured at amortized cost</b>		
Trade payables	17,808	30,886
Current financial debt	45,071	208
Other current financial liabilities (excluding derivative financial instruments)	8,942	6,088
Non-current financial debt	226	45,278
<b>Liabilities measured at fair value</b>		
Derivative financial instruments	143	–
<b>Total</b>	<b>72,190</b>	<b>82,460</b>

The fair value of trade receivables and payables, current financial assets, cash and cash equivalents (liquid funds) as well as other current financial liabilities and current financial debt is equal to their carrying amount due to their short-term maturities. The loan agreed in June 2021 is subject to variable interest. Fluctuations in the underlying interest rate lead to a variable interest charge in the future, which means that the carrying amount approximates the fair value (Level 2). Derivatives in the form of forward currency contracts are measured at fair value (Level 2) as of the reporting date. The fair value is calculated as the present value of the future cash flows of the forward exchange contracts using the relevant yield curve.

Expenses recognized in profit or loss result from the fair value measurement of derivatives as of the year end and are reported in the income statement within other operating expenses.



The effects on the income statement arising from the individual categories are presented below:

**Items of income, expense, gains or losses relating to significant financial instruments analyzed by category**

2023 € thousand	Interest income	Interest expense	Measurement effects	Impairment	Reversal of impairment	<b>Net result</b>
Assets measured at amortized cost	698	-	-	-58	-	640
Liabilities measured at amortized cost	-	-2,546	-	-	-	-2,546
Liabilities measured at fair value (derivatives)	-	-	-143	-	-	-143
<b>Total</b>	<b>698</b>	<b>-2,546</b>	<b>-143</b>	<b>-58</b>	<b>-</b>	<b>-2,049</b>

2022 € thousand	Interest income	Interest expense	Measurement effects	Impairment	Reversal of impairment	<b>Net result</b>
Assets measured at amortized cost	8	-	-	-113	-	-105
Liabilities measured at amortized cost	-	-1,304	-	-	-	-1,304
Liabilities measured at fair value (derivatives)	-	-	-	-	-	-
<b>Total</b>	<b>8</b>	<b>-1,304</b>	<b>-</b>	<b>-113</b>	<b>-</b>	<b>-1,409</b>

The net foreign currency gain of EUR 97k (2022: net foreign currency gain of EUR 111k) recognized in profit or loss relates to assets and liabilities measured at amortized cost.

In accordance with IFRS 7, financial instruments measured at fair value are allocated to one of the levels of a three-level measurement hierarchy (Level 1: financial instruments whose fair value can be determined directly from market prices in active markets; Level 2: financial instruments whose fair value can be determined directly or indirectly on the basis of observable market data; Level 3: financial instruments whose fair value can be determined using valuation techniques based on market data not directly observable in an active market).

As of December 31, 2023, Cherry measured its derivative financial instruments at their fair value (Level 2). By contract, at the end of the previous fiscal year no assets or liabilities were measured at fair value.



### 11.3. Related party disclosures

In the course of ordinary business, the Cherry Group enters into business relationships with numerous companies, which may include companies that are related parties. For the Cherry Group, on the one hand related parties in accordance with IAS 24 as of December 31, 2023 primarily include companies of the Argand group (significant influence), in particular:

- Cherry TopCo S.à.r.l., Luxembourg
- Cherry HoldCo S.à.r.l., Luxembourg
- Cherry MEP Strip GP GmbH, Berlin, Germany
- Rainier Co-Investment Holdings, LP, Cayman Islands
- Argand Partners; LP, New York, USA

Cherry SE prepares consolidated financial statements for the smallest and largest group of companies. These consolidated financial statements are published in the Unternehmensregister [German Company Register].

As in the previous fiscal year, there were no transactions with any of the aforementioned related parties and likewise, no outstanding balances as of December 31, 2023 or 2022.

#### Disclosures in accordance with IFRS 2 Share-based Payment

A share-based Long Term Incentive Program (LTI) was established at the time of the IPO, initially only for the Management Board of Cherry SE. The LTI exists in addition to the Management Board remuneration paid as a fixed salary as well a short-term incentive (STI). The LTI is granted for each fiscal year separately (grant year), followed by a three-year performance period (LTI performance period) and a one-year holding period. The LTI is generally cash-settled. At Cherry SE's discretion, however, it may be settled by the awarding of shares. The Company intends to settle in shares. Remuneration is paid in the form of virtual shares, the number of which depends on the level of attainment of LTI performance targets, which are normally based 50% on the Group's adjusted EBITDA and 50% on the relative total shareholder return (TSR) of Cherry SE. The value of the virtual shares to be paid out is based on the future share price of Cherry SE. In the 2022 fiscal year, the LTI was extended to selected employees outside the Management Board. The plan qualifies as an equity-settled plan as

defined in IFRS 2. In accordance with IFRS 2, the fair value of the virtual shares at the relevant grant date was measured on the basis of a Monte Carlo simulation, taking into account the terms and conditions of the plan. The model simulates the TSR and compares it with a peer group comprising SDAX companies, taking into account the volatility of the Cherry SE share price compared to the SDAX.

The following key parameters were used in the model:

Weighted average fair value at grant date: EUR 6.11 (2022: EUR 18.73)

Share price at grant date: EUR 7.58 or EUR 3.87 (2022: EUR 24.90 or EUR 7.58)

Expected volatility (weighted average): 52.4% (2022: 57.6%)

Expected term (weighted average): 3.9 years (2022: 3.9 years)

Expected dividends: 0.0% (2022: 0.0%)

Risk-free interest rate: 2.58% or 2.55% (2022: -0.55% or 2.55%)

The expected term is based on historical data and current estimates and does not necessarily reflect future actual exercise patterns. Expected volatility is based on the assumption that historical volatilities corresponding to the period of expected terms are indicative of future trends, but do not necessarily correspond to actual outcomes.

In total, 165,012 (2022: 34,125) virtual shares were granted during the year under report. The number of virtual shares outstanding as of December 31, 2023 therefore stood at 209,837 (December 31, 2022: 44,825).

In 2023, expenses amounting to EUR 212k (2022: EUR 240k) were recognized for the LTI in personnel expenses, which were offset against capital reserves.

In addition, members of the Management Board and the Supervisory Board and their relatives also qualify as related parties.



The Management Board during the 2023 fiscal year comprised:

- Oliver Kaltner, Chief Executive Officer (since January 1, 2023)
- Bernd Wagner, Chief Financial Officer (until 31 March 2023)
- Dr. Mathias Dähn, Chief Financial Officer (since April 15, 2023)
- Dr. Udo Streller, Chief Operating Officer

The Supervisory Board during the 2023 fiscal year comprised:

- Marcel Stolk, Chairman of the Supervisory Board
- James Burns, Vice Chairman of the Supervisory Board and Chairman of the Audit Committee
- Joachim Coers, member of the Personnel and Remuneration Committee (until December 31, 2023)
- Heather Faust, Chairwoman of the Human Resources and Remuneration Committee and member of the Audit Committee
- Steven M. Greenberg, Chairman of the Nomination Committee
- Tariq Osman, member of the Nomination Committee and member of the Human Resources and Remuneration Committee (until May 17, 2023)
- Dino Sawaya, member of the Audit Committee and member of the Nomination Committee
- Charlotte Hovmand Johs, member of the Personnel and Remuneration Committee (since May 17, 2023)

Management remuneration

€ thousand	2023	2022
Short-term benefits	1,604	1,160
Post-employment benefits	8	12
Other long-term benefits	–	–
Benefits resulting from termination of employment relationships	972	193
Share-based remuneration	205	236
<b>Total</b>	<b>2,789</b>	<b>1,601</b>

The figures reported relate to the Management Board of Cherry SE. In addition to basic salaries, social security and pension contributions, the amounts include bonuses and company cars as well as share-based remuneration from the respective share ownership plans.

The expense for the fixed remuneration of the Supervisory Board for the 2023 fiscal year amounted to EUR 488k (2022: EUR 493k). Other remuneration, mainly relating to out-of-pocket expenses, totaled EUR 49k (2022: EUR 31k). In addition, there were expenses for share-based remuneration amounting to EUR 0k (2022: EUR 0k).

As in the previous year, no loans or advances were granted to members of the Management Board or Supervisory Board in 2023.

#### 11.4. Corporate Governance

On January 13, 2024, the Management Board and Supervisory Board of Cherry SE jointly issued the declaration required by Section 161 of the German Stock Corporation Act (AktG) and made it publicly available on the Cherry SE website at <https://ir.cherry.de/home/corporate-governance/>.



### 11.5. Auditor's fees

€ thousand	2023	2022
Audit services	983	578
Other assurance services	–	32
Tax advisory services	–	–
Other services	10	–
<b>Total</b>	<b>993</b>	<b>610</b>

For the 2023 fiscal year, in agreement with the Supervisory Board and with the approval of the Annual General Meeting on May 17, 2023, the auditor was changed to the auditing firm RSM Ebner Stolz (RSM Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart branch), which took over the audit from Ernst & Young (Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf branch).

Audit services relate mainly to the fees for the audit of the Consolidated Financial Statements, including the associated audits that are mandatory for listed companies (e.g. the formal audit of the Management Board Remuneration Report, ESEF tagging, etc.) as well as the annual audits of Cherry SE and the subsidiaries included in the Consolidated Financial Statements.

No fees were paid for other attestation services in 2023. In the previous year, audit services in connection with the change of legal form of the former Cherry AG to an SE ("Societas Europaea") were reported in this line item.

As in the previous year, no tax advisory services were provided by the auditor.

Fees incurred for the 2023 fiscal year are included in administrative expenses. The total also includes the costs of the respective auditor's network relating to the audit of the separate financial statements for the individual companies of the Cherry Group in Germany and abroad.

An amount of EUR 87k (2022: EUR 164k) relates to the previous year.

### 11.6. Events after the end of the reporting period

As of December 31, 2023, Cherry's credit line with UniCredit Bank GmbH totaled EUR 55,000k, comprising a long-term loan of EUR 45,000k that was being fully utilized as of the reporting date, and an overdraft facility of EUR 10,000k that is available to cover short-term liquidity requirements. The short-term credit line was not being utilized as of the reporting date. However, the bank had issued guarantees amounting to EUR 305k (of which: a rental guarantee of EUR 300k and a customs guarantee of EUR 5k), which reduced the available overdraft facility accordingly.

On November 15, 2023, UniCredit Bank GmbH was notified of the breach of contractually agreed financial covenants as of the end of the third quarter 2023 in the form of a certificate of compliance and an application for a waiver was submitted at the same time. The waiver was granted by the bank on December 21, 2023. In parallel, it was agreed with UniCredit Bank GmbH that EUR 10,000k of the drawn down long-term credit line would be repaid early at the end of January 2024 and that the current account overdraft current facility would be reduced by EUR 5,000k. In this context, an administration fee amounting to EUR 200k was paid at the end of January 2024 in addition to the repayment of EUR 10,000k. In addition, the bank increased the margin on the remaining credit amount by 1.0 percentage point. The agreed total credit line therefore stood at EUR 40,000k, of which EUR 5,000k is designated as a current account overdraft facility. The guarantees existing as of the reporting date remain in place and reduce the available overdraft facility. Following the early partial repayment, an amount of EUR 35,000k out of the total long-term credit line is being utilized.

In view of the fact that the covenants were similarly not complied with in the fourth quarter 2023, the bank had the right to demand early repayment of the outstanding credit amount as of December 31, 2023. On May 3, 2024, a new supplementary agreement was signed with UniCredit Bank GmbH that ensures Cherry SE's continued financing.

This takes into account a further repayment of EUR 10,000k in May 2024 and the cancellation of the remaining overdraft facility. The existing guarantees amounting to EUR 305k remain in place. A further administration fee of EUR 200k, spread over several installments, is due by June 2025. The margin on the remaining long-term





credit line increases by 0.5 percentage points. Cherry SE provides UniCredit Bank GmbH with collateral in the form of trade receivables and inventories of the German companies Cherry Europe GmbH, Cherry Digital Health GmbH and Cherry E-Commerce GmbH. In return, UniCredit Bank GmbH has suspended the existing covenants until March 31, 2025 (“covenant holiday”). The bank is therefore waiving its right – in light of a breach of covenants – to demand early repayment of the outstanding credit amount during this period. The contractually defined key performance figures will be adapted to the Group’s situation and will primarily focus on a minimum level of liquidity in future. In accordance with the supplementary agreement, Cherry SE has access to EUR 25,000k in long-term loans from UniCredit Bank GmbH after the repayment of the further tranche, as well as EUR 305k of the guarantee lines that have already been drawn down.

No further events occurred after the end of the fiscal year that are of particular significance for the net assets, financial position and results of operations.

Munich, May 29, 2024

Cherry SE  
The Management Board

Oliver Kaltner  
CEO

Dr. Mathias Dähn  
CFO

Dr. Udo Streller  
COO



## RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES

“To the best of our knowledge, and in accordance with the applicable financial reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and loss of the Group, and the combined management report of Cherry SE and the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.”

Munich, May 29, 2024

Cherry SE

Three handwritten signatures in black ink, corresponding to the names listed below.

Oliver Kaltner  
CEO

Dr. Mathias Dähn  
CFO

Dr. Udo Streller  
COO



## Reproduction of the auditor's report

The following audit opinion has been issued on the consolidated financial statements as at December 31, 2023 and the combined management report for the 2023 financial year as well as on the reproduction of the consolidated financial statements and the combined management report prepared for disclosure purposes:

## INDEPENDENT AUDITOR'S REPORT

To Cherry SE, Munich

### Report on the audit of the consolidated financial statements and the combined management report

#### Audit Opinions

We have audited the consolidated financial statements of Cherry SE, Munich, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. We also audited the group management report which is combined with the management report of the Company (hereinafter referred to as combined management report) of Cherry SE, Munich, for the financial year from 1 January to 31 December 2023. In accordance with the requirements of German law, we have not audited the content of the remuneration report pursuant to Sec. 162 AktG ["Aktiengesetz": German Stock Corporation Act] published on the website, to which reference is made in Section 6.2 of the combined management report under the heading "Remuneration Report pursuant to Section 162 AktG", the corporate governance statement published on the website (Sec. 289f HGB in conjunction with Sec. 315d HGB) or the content of the separate consolidated non-financial report published on the website in accordance with Sections 315b and 315c HGB, to which reference is made in Section 6.3 of the combined management report under the heading "Corporate Governance Statement and Non-Financial Statement pursuant to Sections 289f, 315b (3), 315c and 315d of the German Commercial Code (HGB)". Furthermore, we have not audited the content of the non-mandatory disclosures contained in Section 4 of the combined

management report under the heading "Report on Opportunities and Risks", subsection "Adequacy and effectiveness of the risk management system and the internal control system (ICS)" and in Section 2.1 "Macroeconomic and sector-specific environment", subsection "Reconciliation to alternative performance indicators (ESMA)".

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the components of the combined management report whose content we, as described above, have not audited.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

#### Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report.



We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) lit. (f) of the EU Audit Regulation, we declare that we have not provided any non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

#### Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance to our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

- 1) Recoverability of goodwill
- 2) Revenue recognition

#### Re 1) Recoverability of goodwill

##### a) The risk for the financial reporting

Goodwill of EUR 23,888k (prior year: EUR 78,787k) is carried under intangible assets in the consolidated financial statements of Cherry SE, Munich. This corresponds to 10% of the Group's total assets. Goodwill is subject to an impairment test on the reporting date of each respective reporting year. The impairment tests revealed a need to record impairment losses of EUR 55,866k in total as the recoverable amounts of several of the cash-generating units were below their carrying amounts.

The impairment test of goodwill is performed by the Company on 31 December of each year using the discounted cash flow method at the level of the smallest respective cash-generating unit. If the carrying amount of the CGU's including goodwill is above the recoverable amount of the respective cash-generating unit, an impairment loss must be recorded. The impairment test also reflects the change in the reporting

structure in the sense of IAS 36.87 at the end of the financial year. In addition, an impairment test was conducted on 3 November 2023 as the management decision to restructure the Cherry Group gave an indication of a potential impairment in the financial year 2023. For more information on the accounting policies for goodwill and impairment testing, reference is made to the disclosures in the subsection on "Impairment testing" made in section 3. "Significant Estimates, Assumptions and Areas of Judgment" of the Notes to the Consolidated Financial Statements as well the disclosures made in section 4. "Significant Accounting Policies" and section 6.2 "Intangible Assets".

The application of the discounted cash flow method to measure the value-in-use of a cash-generating unit is complex and depends – to a large degree – on discretionary judgments on the part of the executive directors in terms of the future cash flows from the anticipated development of business and earnings of the cash-generating unit over the planning horizon as well as the determination of the discount rate.

In this regard there is a risk for the consolidated financial reporting that a potential need to record an impairment loss is not identified or not fully quantified on the reporting date. For this reason, we have identified this matter as a key audit matter for our audit of the consolidated financial statements.

##### b) Auditor's response and conclusions

In order to assess the appropriateness of the planning assumptions we obtained an understanding of the planning process and the implemented controls in the course of interviewing the executive directors and the officers responsible for the planning process. On this basis we then identified potential risks of error. We compared the planning figures used for impairment testing with the business planning drawn up by the executive directors and ratified by the Supervisory Board and the adjustments to the business planning in the course of an independent business review. The planning figures are based on the adjusted planning figures of the independent business review.

The reliability of the business planning was assessed using a retrospective comparison of the deviations between the budget figures underlying the valuation performed in the prior year and the actual development of business in the financial year 2023. We included the actual market development of a peer group of companies, the fore-



cast market development and publicly available analyst forecasts in our analysis. Where any significant deviations were identified, we discussed these with the applicable officers at Cherry SE in terms of their relevance for the consolidated financial statements of the reporting year. We assessed the significant planning assumptions presented by management in a discussion with the executive directors of Cherry SE. In addition, we critically appraised the adjustments made to the planning in the course of the independent business review. We compared the budget for the coming year and the mid-range planning for the group, both of which were used for the impairment test, with the conclusions of the independent business review, which was conducted on behalf of the company upon request of the lending bank in early 2024.

With assistance from our valuation specialists we assessed the appropriateness of the methods and key parameters used by the Company in the calculation, which include the discount rate (weighted average cost of capital), the market risk premium, the applicable beta and the growth factor.

In order to ensure the clerical accuracy of the valuation method applied by the Company we verified the calculations by assessing selected elements on a risk-oriented basis.

We reviewed whether the carrying amounts of the respective cash-generating units have been properly determined on the basis of the assets and liabilities to be considered on the reporting date. In addition, the plausibility of the allocation of goodwill to cash-generating units was reviewed in discussion with employees of Cherry SE and a review undertaken as to whether goodwill had been properly reallocated within the framework of the reorganization of the reporting structure of Cherry SE based on the value-in-use of the respective cash-generating-units.

We verified the informative value of the sensitivity analyses performed by the Company for the cash-generating units and assessed their clerical accuracy.

In our professional judgment, the calculation method applied by the Company for its impairment testing is appropriate for determining any need to record an impairment loss. In sum, the parameters and assumptions used in the valuation appear verifiable and appropriate and agree with our expectations.

## Re 2) Revenue recognition from sales of hardware

### a) The risk for the financial reporting

Revenue of EUR 126,461k (prior year: EUR 132,514k) is reported in the consolidated statement of comprehensive income of Cherry SE, Munich. As presented in Section 8.1 "Revenue" of the notes to the consolidated financial statements, Cherry SE generates the bulk of its revenue from sales of computer input devices. The large number of contractual relationships for the various goods and services in the various countries served by the Group creates an elevated risk for the consolidated financial statements of Cherry SE of error concerning the existence and correct matching of revenue. In light of the material significance of revenue recognition, we consider this to be a key audit matter.

### b) Auditor's response and conclusions

In the course of our audit procedures we assessed the processes implemented by the executive directors of Cherry SE for revenue recognition, including, but not limited to the consideration of any discount allowed and other sales deductions.

To obtain audit evidence of the existence of revenue, we examined the source documents to determine whether they resulted in trade receivables and whether these then resulted in cash inflows. Moreover, we applied samples-based testing to contracts with customers to assess whether they met the requirements of IFRS 15 on the date of revenue recognition.

In addition, we obtained confirmations about account balances from customers. Furthermore, using a samples-based approach, we reviewed the correct matching of the revenue recognized in the consolidated statement of comprehensive income, particularly in the last two weeks before the reporting date by referring to the invoices and delivery slips. With regard to discount allowed, we identified any significant items and assessed their correct entry, again taking a samples-based approach.

In the course of our audit procedures we did not find any material exceptions with regard to revenue recognition.



## Other Information

The executive directors and the Supervisory Board are responsible for the other information. The other information comprises

- the remuneration report pursuant to Sec. 162 AktG published on the Company's website, to which reference is made in section 6.3 of the combined management report under the heading "Remuneration Report pursuant to Section 162 AktG"
- the corporate governance statement published on the Company's website (Sec. 289f in conjunction with Sec. 315d HGB), to which reference is made in section 6.3 of the combined management report under the heading "Corporate Governance Statement and Non-Financial Statement pursuant to Sections 289f, 315b (3), 315c and 315d of the German Commercial Code (HGB)",
- the consolidated non-financial statement published on the Company's website in accordance with Sec. 315b (3) and 315c HGB, to which reference is made in section 6.3 of the combined management report under the heading "Corporate Governance Statement and Non-Financial Statement pursuant to Sections 289f, 315b (3), 315c and 315d of the German Commercial Code (HGB)",
- the non-mandatory disclosures contained in Section 4 of the combined management report under the heading "Report on Opportunities and Risks", subsection "Adequacy and effectiveness of the risk management system and the internal control system (ICS)" and in section 2.1 "Macroeconomic and sector-specific environment", subsection "Reconciliation to alternative performance indicators (ESMA)".

In addition, the other information comprises other components of the annual report, a version of which we obtained prior to issuing this auditor's report, including:

- the responsibility statement of the executive directors pursuant to Sec. 297 (2) sentence 4 HGB on the consolidated financial statements and the responsibility statement of the management pursuant to Sec. 289 (1) sentence 5 HGB in conjunction with Sec. 315 (1) sentence 5 HGB on the combined management report,
- the report of the Supervisory Board

with the exception of the consolidated financial statements, the components of the combined management report whose content was audited and our associated independent auditor's report.

The Supervisory Board is responsible for the report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the Declaration of Compliance with the German Corporate Governance Code pursuant to Sec. 161 AktG. The executive directors and the Supervisory Board are responsible for the preparation of the Remuneration Report that complies with the requirements in Sec. 162 AktG. In all other respects, the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon

In connection with our audit of the consolidated financial statements, our responsibility is to read the aforementioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, the elements of the group management report whose content was audited, or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated, financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and that the consolidated financial statements, in compliance with these



requirements, give a true and fair view of the assets, liabilities, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of the consolidated financial statements that are free from material misstatement due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report and the Group as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropri-

ately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report of the Group.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting material misstatements resulting from fraud is higher than the risk of not detecting material misstatements resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations and the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report of the Company and the Group in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive director and the reasonableness of estimates made by the executive director and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a



material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the presentation, structure and content of the consolidated financial statements as a whole, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, on the procedures taken to remedy the actions that could jeopardize our independence or the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance to the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

### Other legal and regulatory requirements

**Report on the assurance on the electronic rendering of the consolidated financial statements and the combined management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB**

### Audit Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the attached file "cherry-2023-12-31-de.zip" (hereinafter also referred to as "ESEF documents") prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.





In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the combined management report for the financial year 1 January to 31 December 2023 contained in the "Report on the audit of the consolidated financial statements and of the combined management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

### Basis for the Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) [06.2022]. Our responsibility in accordance therewith is further described in the "Auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QMS 1 [09.2022]).

### Responsibility of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the combined management report in accordance with Sec. 328 (1) sentence 4 No. 1 HGB and for tagging the consolidated financial statements in accordance with Sec. 328 (1) sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

### Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.



### Further Information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor of the financial statements by the annual general meeting on 17 May 2023. Pursuant to Sec. 318 (2) HGB, we are deemed to be the auditor of the consolidated financial statements, because no other auditor was appointed. We were engaged by the Audit Committee of the Supervisory Board on 27 July 2023. We have been the independent auditor of the consolidated financial statements of Cherry SE, Munich, since financial year 2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

### Other matter – Use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the assured ESEF documents. The consolidated financial statements and the combined management report converted to the ESEF format – including the versions to be published in the Company Register – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

### German public auditor responsible for the engagement

The German Public Auditor assigned responsibility for the engagement is Dr. Christoph Eppinger.

Stuttgart, 31. Mai 2024

RSM Ebner Stolz GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Fuat Kalkan

Dr. Christoph Eppinger

Wirtschaftsprüfer  
[German Public Auditor]

Wirtschaftsprüfer  
[German Public Auditor]



# 04 Annual Financial Statements

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131 Statement of Financial Position

133 Income Statement

134 Analysis of Changes in Fixed Assets

135 Notes to Financial Statements for the 2023 Fiscal Year



# STATEMENT OF FINANCIAL POSITIONS

AS OF DECEMBER 31, 2023

## ASSETS

€ thousand

### A. NON-CURRENT ASSETS

#### I. Intangible assets

Franchises, industrial property rights and similar rights and assets,  
and licenses for such rights and assets acquired for consideration

7 30

#### II. Property, plant and equipment

Other plant, factory and office equipment

33 37

#### 2. Advance payments to suppliers

5 -

#### III. Long-term financial assets

Shares in affiliated companies

81,801 216,297

**81,846 216,364**

### B. CURRENT ASSETS

#### I. Receivables and other assets

1. Trade receivables

12 123

2. Receivables from affiliated companies

46,727 33,424

3. Other assets

182 -

#### II. Cash on hand and at bank

30,991 69,601

**77,912 103,148**

### C. PREPAID EXPENSES

445 453

### Total assets

**160,203 319,965**



## EQUITY AND LIABILITIES

in € thousand

### A. EQUITY

		Dec. 31, 2023	Dec. 31, 2022
I. Subscribed capital	24,300		24,300
Treasury shares	-1,110		-907
(Conditional capital EUR 10,000k, Dec. 31, 2022 : EUR 10,000k)		23,190	
II. Capital reserves		257,209	267,676
III. Accumulated deficit brought forward		-10,751	-6,186
IV. Net loss for the year		-158,981	-4,565
		<b>110,667</b>	<b>270,318</b>

### B. PROVISIONS

1. Provision for pensions and similar commitments		129	135
2. Tax provisions		156	380
3. Other provisions		1,880	985
		<b>2,165</b>	<b>1,500</b>

### C. PAYABLES

1. Liabilities to banks		45,000	45,000
2. Trade payables		333	638
3. Payables to affiliated companies		668	1,527
4. Other payables			
thereof for taxes EUR 1,156k (Dec. 31, 2022: EUR 282k)		1,370	982
thereof for social security EUR 2k (Dec. 31, 2022: EUR 0k)			
		<b>47,371</b>	<b>48,147</b>

### Total equity and liabilities

		<b>160,203</b>	<b>319,965</b>
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# INCOME STATEMENT

FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2023

€ thousand	Jan. 1 – Dec. 31, 2023	Jan. 1 – Dec. 31, 2022
1. Revenue	14,244	–
2. Other operating income	206	
thereof from currency translation EUR 206k (2022: EUR 0k)		11,834
3. Personnel expense		
a) Wages and salaries	8,075	6,247
b) Social security, pension and welfare expenses	994	964
thereof for pensions EUR 0k (2022: EUR 0k)		
4. Depreciation and amortization on intangible assets and property, plant and equipment	45	53
5. Other operating expenses	4,418	4,282
thereof from currency translation EUR 275k (2022: EUR 2k)		
6. Income from profit transfer	–	995
7. Expense for loss transfer	25,671	4,531
8. Other interest and similar income	2,665	292
thereof from affiliated companies EUR 1,970k (2022 : EUR 292k)		
9. Impairment losses on investments	134,496	–
10. Interest and similar expenses	2,544	1,414
thereof from unwinding interest EUR 1k (2022: EUR 2k)		
11. Income taxes	-147	195
12. Loss after tax	-158,981	-4,565
13. Other taxes	–	–
<b>14. Net loss for the year</b>	<b>-158,981</b>	<b>-4,565</b>



## ANALYSIS OF CHANGES IN FIXED ASSETS

€ thousand	Acquisition cost				Dec. 31, 2023
	Jan. 1, 2023	Additions	Disposals	Reclassifications	
<b>I. Intangible assets</b>					
Franchises, industrial property rights and similar rights and assets, and licenses for such rights and assets acquired for consideration	70	-	-	-	70
<b>II. Property, plant and equipment</b>					
Other operational and office equipment	90	19	-8	-	101
Advance payments to suppliers	-	5	-	-	5
<b>III. Long-term financial investments</b>					
Shares in affiliated companies	216,297	-	-	-	216,297
<b>Total</b>	<b>216,457</b>	<b>24</b>	<b>-8</b>	<b>-</b>	<b>216,473</b>

€ thousand	Accumulated depreciation, amortization and impairment losses				Carrying amounts	
	Jan. 1, 2023	Additions	Disposals	Dec. 31, 2023	Dec. 31, 2023	Dec. 31, 2022
<b>I. Intangible assets</b>						
Franchises, industrial property rights and similar rights and assets, and licenses for such rights and assets acquired for consideration	40	23	-	63	7	30
<b>II. Property, plant and equipment</b>						
Other operational and office equipment	53	22	-7	68	33	37
Advance payments to suppliers	-	-	-	-	5	-
<b>III. Long-term financial investments</b>						
Shares in affiliated companies	-	134,496	-	134,496	81,801	216,297
<b>Total</b>	<b>93</b>	<b>134,541</b>	<b>-7</b>	<b>134,627</b>	<b>81,846</b>	<b>216,364</b>



# NOTES

## GENERAL INFORMATION

The accompanying financial statements have been prepared pursuant to Article 61 of the Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the Statute for a European Company (SE Regulation) in accordance with the provisions applicable to stock corporations in the country in which they have their registered office. In the case of Cherry SE, this means in accordance with the financial reporting and accounting provisions applicable for the fiscal year ended December 31, 2023 contained in particular in the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The rules relevant for large-sized companies apply.

With effect from the date of entry in the Commercial Register on December 13, 2022, Cherry AG changed its legal form to become Cherry SE.

Effective March 1, 2023, the registered office of Cherry SE was changed to the following address and entered in the Commercial Register: Rosental 7, c/o Mindspace, 80331 Munich. The previous registered office (Einsteinstraße 174, c/o Design Offices Bogenhausen, 81677 Munich) was valid until February 28, 2023.

As the parent company of the Cherry Group, Cherry SE prepares consolidated financial statements pursuant to Section 315e (1) HGB in accordance with International Financial Reporting Standards (IFRS), as applicable in the EU.

The Annual Financial Statements and the Consolidated Financial Statements will be published in the Federal Gazette and are also available on the Internet at <https://ir.cherry.de/home/publications/>.

The income statement has been prepared in accordance with the total cost method (expenses classified by nature of expenses).

In order to improve clarity of presentation, information on amounts relating to other balance sheet items and “thereof disclosures” are mainly provided in the notes to the financial statements.

## COMPANY REGISTER INFORMATION

Cherry SE (formerly Cherry AG), with its registered office in Munich, is registered in the Commercial Register of the Local Court of Munich under the number HRB 280912. In accordance with the resolution passed by the Annual General Meeting on June 8, 2022, it was resolved to change the Company’s legal form to that of a Societas Europaea (SE). The change in legal form took effect with the corresponding entry in the Commercial Register on December 13, 2022.

## ACCOUNTING POLICIES

The financial statements have been prepared using the following accounting policies which are unchanged except for the following changes in presentation:

Intercompany recharges presented in previous fiscal year in other operating income (EUR 11,834k) are presented in revenue from fiscal year 2023 onwards. The difference between the calculated value and the acquisition cost of treasury shares were presented in revenue reserves in previous fiscal year and are offset against capital reserves from 2023 onwards. For better comparability, the previous year’s presentation was adjusted accordingly in each case.

The recognition and measurement of items in the financial statements comply with the general rules contained in Sections 246 to 256a HGB, taking into account the requirements for large corporations contained in Sections 264 et seq. HGB.

Assets and liabilities have been measured using the going-concern assumption.

Intangible assets are measured at cost and amortized as a general rule on a straight-line basis over a period of 3 years.

Property, plant and equipment are measured initially at cost and depreciated on a straight-line basis over their expected useful lives of between 3 and 13 years. Depreciable movable assets with an acquisition cost of up to EUR 250 are expensed in full in the year of acquisition. Low-value assets with an acquisition cost of between EUR 251 and EUR 800 are depreciated in full in the year of acquisition.





Financial assets are stated at the lower of cost or their attributable fair value as of the end of the reporting period.

Non-current loans receivables, other receivables and other assets are stated at their nominal value. Appropriate allowances are recognized for all items exposed to risk.

Prepaid expenses relate to amounts paid before the year end which represent an expense for a specific period after the year-end.

Subscribed capital is stated at its arithmetically calculated value.

Capital reserves include contributions made by shareholders over and above the Company's subscribed capital.

Treasury shares acquired are deducted on the face of the balance sheet at their arithmetically calculated amount in relation to subscribed capital. The difference between the calculated value and the acquisition cost of treasury shares is offset against freely available reserves.

Pension provisions are calculated in accordance with actuarial principles using the projected unit credit method and the 2018 G Heubeck mortality tables. Alongside appropriate fluctuation trends, the calculation takes account of a pension trend of 1.0%. The measurement of the pension obligations is based on entitlements acquired up to 2018; a salary trend is therefore not relevant. Pension obligations are discounted using the discount rate published by the Deutsche Bundesbank corresponding to the average market interest rate for the past ten years for liabilities with an assumed remaining term of 15 years. For the purposes of the valuation as of December 31, 2023, a discount rate of 1.83% was applied. The difference between the amounts calculated using the 10-year and 7-year average interest rates as of December 31, 2023 is not available for distribution. For the purposes of calculating the difference, a 7-year average interest rate of 1.75% as of December 31, 2023 was applied.

Other provisions cover all liabilities of uncertain amount as well as anticipated losses on onerous contracts and are stated at the expected settlement amount measured in accordance with the principle of reasonable business prudence (i.e. including future cost and price rises). Provisions with a term of more than one year are discounted.

Payables are measured at the expected settlement amount.

Derivative financial instruments are measured at their fair value, which is calculated as the present value of the future cash flows arising on forward exchange contracts, using the relevant yield curve.

Deferred taxes arising from temporary or quasi-permanent differences between the accounting and tax bases of assets, liabilities, prepaid expenses and deferred income are measured using the entity-specific tax rates that are expected to prevail when the differences reverse. The resulting increases and decreases in taxes are not discounted. A tax rate of 29.56% is required to be applied. Deferred tax assets and liabilities are offset where permitted. As permitted by Section 274 (1) sentence 2 HGB, Cherry SE has elected not to recognize the surplus of deferred tax assets over deferred tax liabilities. Deferred tax assets mainly result from non-deductible interest (interest barrier) and a loss carryforward.

Foreign currency assets and payables are translated using the spot rate prevailing at the end of the reporting period. In the case of items with a remaining term of more than one year, the realization principle (Section 252 (1) no. 4 half-sentence 2 HGB) and the acquisition cost principle (Section 253 (1) sentence 1 HGB) have been complied with.

## EXPLANATORY NOTES ON THE STATEMENT OF FINANCIAL POSITION

### Assets

#### Fixed assets

Changes in the individual line items during the 2023 fiscal year are shown below in an analysis of changes in fixed assets.

As at the end of previous fiscal year, as of December 31, 2023 long-term financial assets comprised the 100% shareholdings in Cherry Europe GmbH, Auerbach, Cherry Digital Health GmbH, Munich, and Cherry Peripherals GmbH, Munich. The latter had been entered in the commercial register on November 24, 2022 under the name hep-tus 501. GmbH and was renamed with the entry in the Commercial Register on December 13, 2022.



## Current assets

As one year earlier, all receivables and other assets have a remaining term of less than one year. Receivables from affiliated companies include trade receivables amounting to EUR 3,972k (December 31, 2022: EUR 4,584k).

As in the previous year, there were no receivables from or payables to shareholders at the end of reporting period.

## Equity and liabilities

### Equity

The subscribed capital of Cherry SE amounting to EUR 24,300k (December 31, 2022: EUR 24,300k) is fully paid up.

At the Annual General Meeting held on June 11, 2021, an authorized capital amounting to EUR 10,000,000 was resolved. The Management Board is authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one or more occasions on or before June 10, 2026 by a total of up to EUR 10,000,000 in return for cash and/or non-cash contributions, whereby the subscription rights of shareholders may be excluded (Authorized Capital 2021/I).

At the Annual General Meeting held on June 23, 2021, a conditional capital amounting to EUR 10,000,000 was resolved (Conditional Capital 2021/I).

On June 9, 2022, the Management Board resolved, with the approval of the Supervisory Board, to launch a share buyback program based on the authorization granted by the Annual General Meeting on June 23, 2021 ("Share Buyback Program 2022"). In accordance with the Share Buyback Program 2022, up to a total of 2,000,000 treasury shares (corresponding to up to approximately 8.2% of the Company's current issued share capital) may be repurchased in the period from June 13, 2022 to June 30, 2023 at a total purchase price (excluding incidental acquisition costs) of up to a maximum of EUR 25.0 million and a price cap of EUR 14.00 per share. As of the end of the reporting period and taking into account the treasury shares reused to date, a total of 1,110,284 shares with a volume of approximately EUR 7,494k had been acquired under the Share Buyback Program, equivalent to approximately 4.6% of the Compa-

ny's current issued share capital. The treasury shares acquired in this way may be used for all purposes approved by the Company's Annual General Meeting on June 23, 2021, in particular as a purchase price component for business acquisitions or to service employee stock option programs. Treasury shares are deducted from equity in the consolidated statement of financial position. as a result of which subscribed capital was reduced by EUR 1,110k (December 31, 2022: EUR 907k) and capital reserves by EUR 6,384k (December 31, 2022: EUR 5,917k).

As of December 31, 2023 and unchanged from the previous year, Cherry SE's issued share capital comprised 24,300,000 ordinary bearer shares with no par value.

Capital reserves stood at EUR 257,209k (December 31, 2022: EUR 257,676k).

The amount subject to a distribution block pursuant to Section 253 (6) HGB was EUR 72 (December 31, 2022: EUR 231).

### Other provisions

Other provisions include mainly obligations for outstanding supplier invoices, costs arising in conjunction with of the audit of the annual financial statements, and the accrued cost of Supervisory Board activities. Also included are derivative financial instruments relating to short-term foreign currency hedging contracts amounting to EUR 143k.



## Payables

thereof with a remaining term of

December 31, 2023 in €	Total	thereof with a remaining term of			Amounts pledged as collateral	Collateral type
		Up to 1 year	From 1 to 5 years	More than 5 years		
Liabilities to banks	45,000,000	45,000,000	-	-	-	-
Trade payables	333,219	333,219	-	-	-	-
Payables to affiliated companies	667,526	667,526	-	-	-	-
Other payables	1,369,870	1,369,870	-	-	-	-
<b>Total</b>	<b>47,370,615</b>	<b>47,370,615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

davon mit einer Restlaufzeit

December 31, 2022 in €	Total	davon mit einer Restlaufzeit			Amounts pledged as collateral	Collateral type
		Up to 1 year	From 1 to 5 years	More than 5 years		
Liabilities to banks	45,000,000	-	45,000,000	-	-	-
Trade payables	638,147	638,147	-	-	-	-
Payables to affiliated companies	1,527,353	1,527,353	-	-	-	-
Other payables	982,496	982,496	-	-	-	-
<b>Total</b>	<b>48,147,996</b>	<b>3,147,996</b>	<b>45,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

On June 29, 2021, a total credit line amounting to EUR 55,000k was agreed with UniCredit Bank GmbH in Munich, of which EUR 10,000k was designated as an overdraft facility. In December 2023, it was agreed with UniCredit Bank GmbH that EUR 10,000k would be repaid early at the end of January 2024 and that the overdraft facility would be reduced to EUR 5,000k. An administration fee amounting to EUR 200k is required to be paid in connection with the new arrangements. The overdraft facility of EUR 10,000k was not being utilized as of December 31, 2023. As of the end of the reporting period, guarantees had been provided by the bank amounting of EUR 305k (of which: a rental guarantee for EUR 300k and customs guarantees for EUR 5k), which reduced the available overdraft facility accordingly. At the end of the previous year, EUR 45,000k (tranche A) of the total credit line was being utilized as of December 31, 2023. No collateral has been provided in conjunction with the credit agreement.

The credit agreement runs for a term of five years. The interest rate for each component of the credit amount is calculated as a percentage of the sum of the applicable interest rates, comprising a bank margin added as an uplift to the underlying EURIBOR interest rate for the corresponding agreed draw-down term for tranche A (3 or 6 months) and the current account overdraft facility (1, 3 or 6 months). In December 2023, the agreed margin was also adjusted as part of the newly agreed credit line arrangements. In addition, a commitment fee of 0.753% (as of December 31, 2023) is charged for amounts not drawn down from tranche A and for the current account overdraft facility. The credit agreement contains financial covenants requiring, among other things, compliance with a net leverage ratio that is limited to a net debt-to-equity ratio of 2.25 to adjusted EBITDA over 12 months.



The agreed key figures were not met for the first time during the third quarter 2023. This fact was communicated to UniCredit Bank GmbH on November 15 in the form of a certificate of compliance. In this context, a waiver application was submitted, which the bank granted on December 21, subject to specified conditions. It was agreed with UniCredit Bank GmbH that Cherry would make a EUR 10,000k early repayment at the end of January 2024 and that overdraft facility would be reduced to EUR 5,000k. In this context, an administration fee amounting to EUR 200k is required to be paid and the margin on the remaining drawn-down credit line of EUR 35.0 million was increased by 1.0 percentage point. In view of the fact that the covenants were similarly not complied with in the fourth quarter 2023, the bank had the right to demand early repayment of the outstanding credit amount as of December 31, 2023. For this reason, the full amount of the bank liability is reported in the balance sheet as of that date within current financial debt. On May 3, 2024, a new agreement was signed with UniCredit Bank GmbH that ensures Cherry SE's continued financing. Further information is provided in the note "Events after the end of the reporting period".

Payables to affiliated companies mainly relate to trade payables and to the consolidated tax group for VAT purposes. Other payables include primarily obligations for employee bonuses, vacation entitlements, accrued time credits, payroll taxes and sales tax.

## EXPLANATORY NOTES TO THE INCOME STATEMENT

Revenues relate to intercompany recharges in accordance with a Group agreement and amounted to EUR 14,244k (2022: EUR 11,834k).

Other operating income for the 2023 fiscal year totaling EUR 206k includes foreign currency gains.

Other operating expenses amounting to EUR 4,418k (2022: EUR 4,282k) included primarily advisory and audit fees amounting to EUR 1,635k (2022: EUR 2,095k) and bought-in external services amounting to EUR 1,249k (2022: EUR 1,337k), with the remainder relating to other administrative expenses.

Expenses for loss transfers in 2023 arose in conjunction with the Profit and Loss Transfer Agreements in place with Cherry Europe GmbH, Cherry Digital Health GmbH, and Cherry Peripherals GmbH (all affiliated companies).

Other interest and similar income resulted from amounts recharged to affiliated companies for loans granted (EUR 1,970k, 2022: EUR 292k) and amounts earned on bank balances (EUR 693k, 2022: EUR 0k).

The impairment loss recognized on financial assets relates to the investment in Cherry Europe GmbH.

Interest and similar expenses related mainly to interest payable on bank loans.

## CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

At the end of the reporting period, the following contingent liabilities existed that are required to be disclosed pursuant to Section 251 and Section 268 (7) HGB:

Cherry SE undertakes through December 31, 2024 to ensure that Cherry E-Commerce GmbH is managed and provided with financial resources in such a way that it will always be able to meet its obligations to creditors existing as of December 31, 2023 in a timely manner (guarantee to cover obligations).

We consider the risk of having to make a payment under these guarantees to be low, as the company concerned has sufficient liquidity.

The following other financial obligations existed at the end of the period under report:

purchase commitments amounting to EUR 153k (December 31, 2022: EUR 101k), rental and lease agreements amounting to EUR 137k (December 31, 2022: EUR 49k).



## MANAGEMENT BOARD AND SUPERVISORY BOARD

The Management Board during the 2023 fiscal year comprised:

- Oliver Kaltner, Chief Executive Officer (Chairman of the Management Board) (since January 1, 2023)
- Bernd Wagner, Chief Financial Officer (until 31 March 2023)
- Dr. Mathias Dähn, Chief Financial Officer (since April 15, 2023)
- Dr. Udo Streller, Chief Operating Officer

The remuneration of the members of the Management Board serving in the year under report consists of the following:

2023 in €	Basic salary and social security contributions	Bonus 2023	Company car and pension contributions	Remuneration after retirement	Termination benefits	Total remuneration
Oliver Kaltner	420,513	449,600	18,000	–	–	888,113
Dr. Mathias Dähn	220,512	39,025	4,370	–	–	263,907
Bernd Wagner	88,445	13,662	6,035	–	971,520	1,079,662
Dr. Udo Streller	300,469	27,000	24,663	–	–	352,132
<b>Total</b>	<b>1,029,939</b>	<b>529,287</b>	<b>53,068</b>	<b>–</b>	<b>971,520</b>	<b>2,583,814</b>

The Management Board members also received conditionally awarded shares with a value of EUR 877,500, which will only be paid out in cash or shares after the end of the performance period (end of 2025) and a further year of the holding period (end of 2026) if the criteria required for this have been met after the end of the performance period.

In the 2023 fiscal year, the following people were members of the Supervisory Board of Cherry SE:

### Marcel Stolk (born 1967)

- Chairman of the Supervisory Board
- Member since: December 13, 2022 (previously Chairman of the Supervisory Board of Cherry AG since May 25, 2021)
- Elected until: End of the Annual General Meeting 2026
- Principal occupation: Independent consultant
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as of December 31, 2023): None

### James Burns (born 1964)

- Deputy Chairman of the Supervisory Board
- Member since: December 13, 2022 (previously Deputy Chairman of the Supervisory Board of Cherry AG since May 25, 2021)
- Elected until: End of the Annual General Meeting 2026
- Principal occupation: Independent consultant
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as of December 31, 2023): None

### Joachim Coers (born 1965)

- Member until December 31, 2023 (previously member of the Supervisory Board of Cherry AG since May 25, 2021)
- Principal occupation: Investor
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as of December 31, 2023):
  - ensian group GmbH, Leutkirch im Allgäu, Germany: Member of the Advisory Board

**Heather Faust (born 1979)**

- Member since: December 13, 2022 (previously member of the Supervisory Board of Cherry AG since May 25, 2021)
- Elected until: End of the Annual General Meeting 2026
- Principal occupation: Managing Partner at Argand Partners, LP, New York, New York, United States of America
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as of December 31, 2023):
  - Grosse Point Beacon Acquisition, Inc, Delaware, United States of America: Chairwoman of the Board of Directors
  - OASE Management GmbH, Hörstel, Germany: Chairwoman of the Advisory Board
  - Sigma Electric Manufacturing Corporation, Garner, North Carolina, United States of America: Member of the Board of Directors
  - Concrete Pumping Holdings, Inc., Thornton, Colorado, United States of America: Member of the Board of Directors

**Steven M. Greenberg (born 1970)**

- Member since: December 13, 2022 (previously member of the Supervisory Board of Cherry AG since May 25, 2021)
- Elected until: End of the Annual General Meeting 2024
- Principal occupation: Attorney and consultant in intellectual property law and innovation management, President of CRGO Global, Boca Raton, Florida, United States of America
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as of December 31, 2023):
  - Ardent Medical Corporation, Boynton Beach, Florida, United States of America: President

**Tariq Osman (born 1978)**

- Member until May 17, 2023 (previously member of the Supervisory Board of Cherry AG since May 25, 2021)

**Dino Sawaya (born 1983)**

- Member since: December 13, 2022 (previously member of the Supervisory Board of Cherry AG since May 25, 2021)
- Elected until: End of the Annual General Meeting 2024
- Principal occupation: Founder and Managing Partner at Exonas Capital LLC, Darien, Connecticut, United States of America
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as of December 31, 2023):
  - TeleGeography Corporation, Washington D.C., United States of America: Member of the Board of Directors
  - Seybert's Billiards Corporation, Coldwater, Michigan, United States of America: Member of the Board of Directors
  - Apartment Guardian Inc., Los Angeles, California, United States of America: Member of the Board of Directors

**Charlotte Hovmand Johs (born 1964)**

- Member since: May 17, 2023
- Elected until: End of the Annual General Meeting 2025
- Principal occupation: Independent consultant
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as of December 31, 2023): None

On April 5, 2024, Harald von Heynitz was appointed by the court as a member of the Supervisory Board. He is Managing Director of WTS Advisory GmbH and a member of the Board of Fluence Energy Inc., Arlington, Virginia, United States of America (Chairman of the Audit Committee). He is nominated for election at the next Annual General Meeting.

The expense for the fixed remuneration of the Supervisory Board for the 2023 fiscal year amounted to EUR 488k (2022 EUR 493k). Other remuneration, mainly travel expenses, totaled EUR 49k (2022 EUR 31k).

As in the previous year, no loans or advances were granted to members of the Management Board or Supervisory Board in 2023.



## SHAREHOLDINGS (VALUES IN EUR)

### Direct and indirect investments as of December 31, 2023

	Shareholding in %	Equity	Net profit/loss for the year
Cherry Europe GmbH, Auerbach <sup>2</sup>	100	43,754,012.47	0.00
Cherry Digital Health GmbH, Munich <sup>2</sup>	100	4,788,539.32	0.00
Cherry Peripherals GmbH, Munich <sup>2</sup>	100	50,100.00	0.00
Cherry E-Commerce GmbH, Munich	100	-582,424.25	-22,498.46
Active Key GmbH, Munich	100	25,000.00	0.00
Theobroma Systems Design und Consulting GmbH, Vienna, Austria <sup>1,3</sup>	100	4,115,203.25	-625,603.57
Cherry Xtrfy AB, Landskrona (Sweden) <sup>1</sup>	100	392,441.23	-878,042.90
Zhuhai Cherry Electronics Co. Ltd., Zhuhai City, China <sup>1</sup>	100	10,529,795.09	3,796,324.79
Cherry Electronics (Hong Kong) Co Ltd., Hong Kong, China <sup>1</sup>	100	2,519,370.32	-3,839,440.89
Cherry Taiwan Electronics Co., Ltd., Taiwan <sup>1</sup>	100	46,813.81	13,829.75
Cherry Americas LLC, Kenosha, USA <sup>1</sup>	100	3,354,845.68	-668,994.55
Cherry S.A.R.L, Paris, France <sup>1</sup>	100	303,453.97	34,362.16

1 In accordance with IFRS

2 Direct investments

3 The company was renamed Cherry Embedded Solutions GmbH on March 22, 2024.

## OTHER DISCLOSURES

Cherry SE employed an annual average of 75 employees (head count) during the 2023 fiscal year (2022: 73.8) and 78 employees (head count) as of the end of the reporting period (2022: 79). These are employed in the areas of materials management (25 people), administration (31 people), IT (12 people), customer service (5 people) and marketing (2 people) (annual average in each case).

The Company prepares consolidated financial statements for the smallest circle of Group entities and publishes them in the Bundesanzeiger [German Federal Gazette].

The Company does not disclose related party transactions, as all transactions with related parties are conducted at market conditions.

### Disclosures pursuant to Section 160 (1) no. 8 of the Stock Corporation Act (AktG)

- Cherry SE informed the Company that its share of voting rights fell below the threshold of 3% of the Company's share capital on January 17, 2023 and on that date held 697,781 treasury shares. This corresponds to 2.87% of the share capital.
- Cherry SE informed the Company that its share of voting rights exceeded the threshold of 3% of the Company's share capital on February 7, 2023 and on that date held 735,032 treasury shares. This corresponds to 3.02% of the share capital.
- Paladin Asset Management Investmentaktiengesellschaft informed the Company that its share of voting rights exceeded the threshold of 3% of the Company's share capital on February 15, 2023 and on that date held 813,742 voting rights. This corresponds to 3.35% of the share capital.
- UBS Group AG informed the Company that its share of voting rights continued to exceed the threshold of 3% of the Company's share capital on February 16, 2023 and on that date held 792,246 voting rights. This corresponds to 3.26% of the share capital.
- UBS Group AG informed the Company that its share of voting rights fell below the threshold of 3% of the Company's share capital on April 11, 2023 and on that date held 365,753 voting rights. This corresponds to 1.51% of the share capital.
- Swedbank Robur Fonder AB informed the Company that its share of voting rights fell below the threshold of 5% of the Company's share capital on April 28, 2023 and on that date held 1,212,062 voting rights. This corresponds to 4.99% of the share capital.
- SMALLCAP World Fund, Inc. informed the Company that its share of voting rights fell below the threshold of 5% of the Company's share capital on May 18, 2023 and on that date held 1,209,217 voting rights. This corresponds to 4.98% of the share capital.
- The Capital Group Companies, Inc. informed the Company that its share of voting rights fell below the threshold of 5% of the Company's share capital on May 18, 2023 and on that date held 1,209,217 voting rights. This corresponds to 4.98% of the share capital.



- UBS Group AG informed the Company that its share of voting rights fell exceeded the threshold of 3% of the Company's share capital on May 24, 2023 and on that date held 749,609 voting rights. This corresponds to 3.08% of the share capital.
- SMALLCAP World Fund, Inc. informed the Company that its share of voting rights remained below the threshold of 5% of the Company's share capital on May 24, 2023 and on that date held 1,089,871 voting rights. This corresponds to 4.49% of the share capital.
- The Capital Group Companies, Inc. informed the Company that its share of voting rights fell below the threshold of 5% of the Company's share capital on May 24, 2023 and on that date held 1,089,871 voting rights. This corresponds to 4.49% of the share capital.
- UBS Group AG informed the Company that its share of voting rights fell below the threshold of 3% of the Company's share capital on June 19, 2023 and on that date held 726,232 voting rights. This corresponds to 2.99% of the share capital.
- Swedbank Robur Fonder AB informed the Company that its share of voting rights fell below the threshold of 3% of the Company's share capital on June 27, 2023 and on that date held 547,294 voting rights. This corresponds to 2.25% of the share capital.
- Lemanik Holding S.A. informed the Company that its share of voting rights fell below the threshold of 3% of the Company's share capital on July 25, 2023 and on that date held 750,000 voting rights. This corresponds to 3.09% of the share capital.
- Lemanik Holding S.A. informed the Company that its share of voting rights exceeded the threshold of 5% of the Company's share capital on November 9, 2023 and on that date held 1,300,000 voting rights. This corresponds to 5.35% of the share capital.

## PROPOSED APPROPRIATION OF RESULTS

The net loss for the year will be carried forward.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

As of December 31, 2023, Cherry's total credit line with UniCredit Bank GmbH amounted to EUR 55,000k, comprising a long-term loan of EUR 45,000k that was being fully utilized as of the reporting date, and an overdraft facility of EUR 10,000k that is available to cover short-term liquidity requirements. The overdraft facility was not being utilized as of the reporting date. However, the bank had issued guarantees amounting to EUR 305k (of which: a rental guarantee of EUR 300k and a customs guarantee of EUR 5k), which reduced the available overdraft facility accordingly.

On November 15, 2023, UniCredit Bank GmbH was notified of a breach of the contractually agreed financial covenants as of the end of the third quarter 2023 in the form of a certificate of compliance and an application for a waiver was submitted at the same time. The waiver was granted by the bank on December 21, 2023. In parallel, it was agreed with UniCredit Bank GmbH that EUR 10,000k of the drawn down long-term loan would be repaid early at the end of January 2024 and that the current account overdraft facility would be reduced by EUR 5,000k. In this context, an administration fee amounting to EUR 200k was paid at the end of January 2024 in addition to the repayment of EUR 10,000k. In addition, the bank increased the margin on the remaining credit amount by 1.0 percentage point. The agreed total credit line therefore stood at EUR 40,000k, of which EUR 5,000k is designated as a current account overdraft facility. The guarantees existing as of the reporting date remain in place and reduce the available overdraft facility. Following the early partial repayment, an amount of EUR 35,000k out of the total long-term credit line is being utilized.

In view of the fact that the covenants were similarly not complied with in the fourth quarter 2023, the bank had the right to demand early repayment of the outstanding credit amount. On May 3, 2024, a new supplementary agreement was signed with UniCredit Bank GmbH that ensures Cherry SE's continued financing.





The supplementary agreement takes into account a further repayment of EUR 10,000k in May 2024 and the cancellation of the remaining overdraft facility. The existing guarantees amounting to EUR 305k remain in place. A further administration fee of EUR 200k, spread over several installments, is due by June 2025. The margin on the remaining long-term credit line increases by 0.5 percentage points. The Company provides UniCredit Bank GmbH with collateral in the form of trade receivables and inventories of the German companies Cherry Europe GmbH, Cherry Digital Health GmbH, and Cherry E-Commerce GmbH. In return, UniCredit Bank GmbH has suspended the existing covenants until March 31, 2025 ("covenant holiday"). The bank is therefore waiving its right to demand early repayment of the outstanding amount of the loan during this period. The contractually defined key performance figures will be adapted to the Cherry Group's situation and will primarily focus on a minimum level of liquidity in future. In accordance with the supplementary agreement, Cherry has access to EUR 25,000k in long-term loans from UniCredit Bank GmbH after the repayment of the further tranche, as well as EUR 305k of the guarantee lines that have already been drawn down.

No further events occurred after the end of the fiscal year that are of particular significance for the net assets, financial position and results of operations.

## DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 AKTG

On January 13, 2024, the Management Board and Supervisory Board of Cherry SE jointly issued the declaration required by Section 161 of the German Stock Corporation Act (AktG) and made it publicly available on the Cherry SE website at <https://ir.cherry.de/home/corporate-governance/>.

## AUDITOR'S FEES

The total expense recognized for external auditors' fees pursuant to Section 319 (1) HGB comprises the following:

€ thousand	2023	2022
Audit services	983	578
Other assurance services	–	32
Tax advisory services	–	–
Other services	10	–
<b>Total</b>	<b>993</b>	<b>610</b>

For the 2023 fiscal year, in agreement with the Supervisory Board and with the approval of the Annual General Meeting on May 17, 2023, the auditor was changed to the auditing firm Ebner Stolz (Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart branch), which took over the audit from Ernst & Young (Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf branch).

Audit services relate primarily to the fees for the audit of the Consolidated Financial Statements (including the associated audits that are mandatory for listed companies, e.g. formal audit of the Management Board Remuneration Report, ESEF) as well as the annual audits of Cherry SE and subsidiaries included in the Consolidated Financial Statements.

No fees were paid for other attestation services in 2023. In the previous year, audit services in connection with the change of legal form of the former Cherry AG to an SE ("Societas Europaea") were reported in this line item.

As in the previous year, no tax advisory services were provided by the auditor.

An amount of EUR 87k (2022: EUR 164k) relates to the previous fiscal year.



The disclosures pursuant to Section 289a HGB are made in the combined management report of Cherry SE and the Group management report and will be published in the Annual Report 2023.

## RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and loss of the Company, and the combined management report of Cherry SE and the Group includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Munich, May 29, 2024  
Cherry SE

Three handwritten signatures in black ink, corresponding to the names listed below.

Oliver Kaltner  
CEO

Dr. Mathias Dähn  
CFO

Dr. Udo Streller  
COO



## Reproduction of the auditor's report

The following audit opinion has been issued on the annual financial statements as at December 31, 2023 and the combined management report for the 2023 financial year as well as on the reproduction of the annual financial statements and the combined management report prepared for disclosure purposes:

## INDEPENDENT AUDITOR'S REPORT

To Cherry SE, Munich

### Report on the audit of the annual financial statements and the combined management report

#### Audit Opinions

We have audited the annual financial statements of Cherry SE, Munich, which comprise the statement of financial position as at 31 December 2023 and the income statement for the financial year from 1 January to 31 December 2023 as well as the notes to the financial statements, including a summary of significant accounting policies. We also audited the management report which is combined with the group management report (hereinafter referred to as combined management report) of Cherry SE, Munich, for the financial year from 1 January to 31 December 2023. In accordance with the requirements of German law, we have not audited the content of the remuneration report pursuant to Sec. 162 AktG ["Aktiengesetz": German Stock Corporation Act] published on the website, to which reference is made in Section 6.2 of the combined management report under the heading "Remuneration Report pursuant to Section 162 AktG", the corporate governance statement published on the website (Sec. 289f HGB in conjunction with Sec. 315d HGB) or the content of the separate consolidated non-financial report published on the website in accordance with Sections 315b and 315c HGB, to which reference is made in Section 6.3 of the combined management report under the heading "Corporate Governance Statement and Non-Financial Statement pursuant to Sections 289f, 315b (3), 315c and 315d of the German Commercial Code (HGB)". Furthermore, we have not audited the content of the non-mandatory disclosures contained in Section 4 of the combined management report under the heading "Report on Opportunities and Risks", subsection "Adequacy and effectiveness of the risk management system and the internal control system (ICS)" and in Section 2.1 "Macroeconomic and sector-specific environment", subsec-

tion "Reconciliation to alternative performance indicators (ESMA)".

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023 in compliance with German legally required accounting principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the components of the combined management report whose content we, as described above, have not audited.

Pursuant to Sec. 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

#### Basis for the Audit Opinions

We conducted our audit of the financial statements and of the combined management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) lit. (f) of the EU Audit Regulation, we declare that we have not provided any non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the financial statements and on the combined management report.

#### Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance to our audit of the financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

We identified the impairment testing of shares in affiliated companies as a key audit matter.

##### a) The risk for the financial reporting

Shares in affiliated companies are presented at a value of EUR 81,801k (prior year: EUR 216,297k) under "financial assets" in the financial statements of Cherry SE, Munich. This corresponds to 44% of total assets. In the course of compiling the financial statements an impairment loss of EUR 134,497k was recorded on these assets as their fair value was below their carrying amount.

Management conducts an annual impairment test on the reporting date. In accordance with the comments made by management in the section on "Accounting Policies" in the notes to the financial statements, shares in affiliated companies are measured at the lower of cost or fair value. Fair value is measured at the net present value of the anticipated future cash flows derived from the business planning drawn up by the executive directors using the capitalized earnings method ("Ertragswertverfahren"). This method considers the expectations of future market developments and assumptions on the development of macroeconomic inputs. Present value is found by discounting the future value using the specific cost of capital for the financial assets.

The result of the valuation is highly dependent on the estimates of future cash flows made by the executive directors and the discount rates and growth factors used. For these reasons, the impairment testing of shares in affiliated companies is subject to significant estimation uncertainty. In light of the above and given the complexity of the

matter, we identified the impairment testing of shares in affiliated companies as a key audit matter for our audit of the financial statements.

##### b) Auditor's response and conclusions

In order to assess the appropriateness of the planning assumptions we obtained an understanding of the planning process and the implemented controls in the course of interviewing the executive director and the officers responsible for the planning process. On this basis we then identified potential risks of error. In this connection, we assessed in particular whether the fair value measurement of shares in affiliated companies measured using the capitalized earnings approach corresponds with the requirements of IDW AcPS HFA 10. We compared the planning figures used for the measurement of the equity investments with the business planning drawn up by the executive directors and ratified by the Supervisory Board and the adjustments to the business planning in the course of an independent business review. The planning figures are based on the adjusted planning figures of the independent business review.

The reliability of the business planning was assessed using a retrospective analysis of the deviations between the budget figures underlying the valuation of the equity investments performed in previous years and the actual course of business in financial year 2023. We included the actual market development of a peer group of companies, the forecast market development and publicly available analyst forecasts in our analysis. Where any significant deviations were identified, we discussed these with the applicable officers at Cherry SE in terms of their relevance for the financial statements of the reporting year. We assessed the significant planning assumptions presented by management in a discussion with the executive directors of Cherry SE. In addition, we critically appraised the adjustments made to the planning in the course of the independent business review. We compared the budget for the coming year and the mid-range planning for the group, both of which were used for the valuation, with the conclusions of the independent business review.

In light of the fact that even small changes to the discount rate can have a material impact on the capitalized earnings value of affiliated companies, we assessed, with support from our business valuation specialists, the appropriateness of the valuation method used by the Company and the significant measurement parameters used in the model, such as the market risk premium, the beta and the growth factor.



In order to ensure the clerical accuracy of the valuation method applied by the Company we verified the calculations by assessing selected elements on a risk-oriented basis.

In our professional judgment, the calculation method applied by the Company for its impairment testing of equity investments is appropriate for determining any need to record an impairment loss. In sum, the parameters and assumptions used in the valuation appear verifiable and appropriate and agree with our expectations.

### Other Information

The executive directors and the Supervisory Board are responsible for the other information. The other information comprises:

- the remuneration report pursuant to Sec. 162 AktG published on the Company's website, to which reference is made in section 6.3 of the combined management report under the heading "Remuneration Report pursuant to Section 162 AktG"
- the corporate governance statement published on the Company's website (Sec. 289f in conjunction with Sec. 315d HGB), to which reference is made in section 6.3 of the combined management report under the heading "Corporate Governance Statement and Non-Financial Statement pursuant to Sections 289f, 315b (3), 315c and 315d of the German Commercial Code (HGB)",
- the consolidated non-financial statement published on the Company's website in accordance with Sec. 315b (3) and 315c HGB, to which reference is made in section 6.3 of the combined management report under the heading "Corporate Governance Statement and Non-Financial Statement pursuant to Sections 289f, 315b (3), 315c and 315d of the German Commercial Code (HGB)",
- the non-mandatory disclosures contained in Section 4 of the combined management report under the heading "Report on Opportunities and Risks", subsection "Adequacy and effectiveness of the risk management system and the internal control system (ICS)" and in section 2.1 "Macroeconomic and sector-specific environment", subsection "Reconciliation to alternative performance indicators (ESMA)".

In addition, the other information comprises other components of the annual report, a version of which we obtained prior to issuing this auditor's report, including:

- the responsibility statement of the executive directors pursuant to Sec. 264 (2) sentence 3 HGB on the annual financial statements and the responsibility statement of the management pursuant to Sec. 289 (1) sentence 5 HGB in conjunction with Sec. 315 (1) sentence 5 HGB on the combined management report,

- the report of the Supervisory Board

with the exception of the annual financial statements of the Company, the components of the combined management report whose content was audited and our associated independent auditor's report.

The Supervisory Board is responsible for the report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the Declaration of Compliance with the German Corporate Governance Code pursuant to Sec. 161 AktG. The executive directors and the Supervisory Board are responsible for the preparation of the Remuneration Report that complies with the requirements in Sec. 162 AktG. In all other respects, the executive directors are responsible for the other information.

Our audit opinions on the annual financial statements of the Company and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the aforementioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the financial statements, the elements of the combined management report whose content was audited, or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Responsibilities of the Executive Directors and the Supervisory Board for the Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition the executive directors are responsible for such internal control as they have determined necessary in accordance with German legally required accounting principles to enable the preparation of annual financial statements that are free from material misstatement due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting on a going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

## Auditor's Responsibilities for the Audit of the Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report of the Company as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the financial statements and on the combined management report of the Company.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting material misstatements resulting from fraud is higher than the risk of not detecting material misstatements resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations and the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are



appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive director and the reasonableness of estimates made by the executive director and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the presentation, structure and content of the financial statements as a whole, including the disclosures, and whether the financial statements present the underlying transactions and events in a manner that the financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the combined management report with the financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, on the procedures taken to remedy the actions that could jeopardize our independence or the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance to the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

#### Other legal and regulatory requirements

#### Report on the assurance on the electronic rendering of the annual financial statements and the combined management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

#### Audit Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the combined management report contained in the attached file "cherry-2023-12-31-de.zip" (hereinafter also referred to as "ESEF documents") and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore not to the information contained in these reproductions nor to any other information contained in the above-mentioned file.



In our opinion, the rendering of the annual financial statements and the combined management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying annual financial statements and the combined management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the audit of the annual financial statements and of the combined management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

### Basis for the Opinion

We conducted our assurance work on the rendering of the annual financial statements and the combined management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) (06.2022). Our responsibility in accordance therewith is further described in the "Auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

### Responsibility of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents containing the electronic rendering of the annual financial statements and the combined management report in accordance with Sec. 328 (1) sentence 4 No. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

### Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited annual financial statements and to the audited combined management report.

### Further Information pursuant to Art. 10 of the EU Audit Regulation

We were elected as the independent auditor by the annual general meeting on 17 May 2023. We were engaged by the Audit Committee of the Supervisory Board on 27 July 2023. We have been the independent auditor of the financial statements of Cherry SE, Munich, since financial year 2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).





### **Other matter – Use of the auditor's report**

Our auditor's report must always be read together with the audited annual financial statements and the audited combined management report as well as the assured ESEF documents. The financial statements and the combined management report converted to the ESEF format – including the versions to be published in the Company Register – are merely electronic renderings of the audited financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

### **German public auditor responsible for the engagement**

The German Public Auditor assigned responsibility for the engagement is Dr. Christoph Eppinger.

Stuttgart, 31. Mai 2024

RSM Ebner Stolz GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Fuat Kalkan

Dr. Christoph Eppinger

Wirtschaftsprüfer  
[German Public Auditor]

Wirtschaftsprüfer  
[German Public Auditor]



## FINANCIAL CALENDAR 2024

Annual Report 2023	May 31, 2024
Annual General Meeting	July 24, 2024
Publication of half-year financial report	August 14, 2024
Publication of quarterly financial report (Q3 reporting date)	November 14, 2024

## IMPRINT

Cherry SE  
Rosental 7  
c/o Mindspace  
D-80331 Munich, Germany

### Postal address

Cherrystrasse 2  
D-91275 Auerbach, Germany

### Investor Relations

Nicole Schillinger  
T +49 9643 2061 848  
E [ir@cherry.de](mailto:ir@cherry.de)

Design:  
visuphil®

Photos:  
Cherry

[cherry.de](http://cherry.de)

**CHERRY** 