



REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

For Cherry SE, the financial year 2022 was dominated by the lingering impact of the global COVID-19 pandemic on the economy and supply chains, the Russian invasion of Ukraine in February 2022 and significant price increases for raw materials and energy in combination with higher costs of purchasing and living. The decline in demand, especially in China and Hong Kong, in combination with excessive inventory levels at our customers and steep rise in inflation and interest rates resulted in revenue and earnings falling significantly short of original expectations.

Despite the increasingly difficult general conditions in the 2022 financial year, the two business areas GAMING and PROFESSIONAL performed very different.

While the PROFESSIONAL business could continue its growth path and maintain good profit margins, the GAMING business has been impacted by declining component switch demand and excess inventory at our OEM's (Original Equipment Manufacturer) customers leading to strong decline in sales and a drop of profitability to almost break-even EBITDA-N-level.

Cherry SE has taken various measures to secure future profitability via cost reductions and to expand the strategic growth course in the medium and long term. This includes headcount reduction in Auerbach production as well as expansion of the e-commerce business and the increase of sales activities in defined new markets. In addition, Cherry SE has further advanced the strategic expansion of the Gaming business area through the

acquisition of the two Swedish Xtrfy companies, Xtrfy Gaming AB and Build on Experience AB, which was completed in January 2023. Xtrfy, as a specialist in e-sports equipment, has access to the growing gaming and e-sports community, contributing to Cherry's product management and marketing and expands Cherry's market presence in Europe, particularly in the Nordic countries. The Xtrfy product range is fully complementary to Cherry and gives us the occupancy of additional product and price categories, which underpins our confidence for the future growth plan. With the "Gaming Goes Global" project, the new team will generate substantial growth by internationalizing our gaming business in breadth and depth.

The Supervisory Board is convinced of the strategic opportunities for Cherry's business activities. However, against the backdrop of the expected global slowdown in economic growth and rising inflation as a result of the war against Ukraine, the continued disruption of supply chains as a result of the lockdowns in China, the high inventory levels of customers and the associated decline in demand, Cherry was unable to achieve the originally targeted revenue growth for the group. Forecasts have already been adjusted accordingly during the year and the Company will continue to take strategic mid-term and concrete short-term measures for sustainable business development.

With a view to management, at the end of the 2022 financial year, Mr. Rolf Unterberger resigned from his office as member and Chairman of the Management Board. The Supervisory Board thanks Mr. Rolf Unterberger for his successful term of office and his great



Marcel Stolk, Vorsitzender des Aufsichtsrats

commitment to the Company. On 27 November 2022, the Supervisory Board unanimously appointed Mr. Oliver Kaltner as CEO and Chairman of the Management Board as of 1 January 2023. The Supervisory Board is convinced that Mr. Oliver Kaltner is an excellent fit for Cherry due to his extensive, successful activities in the industry and can bring valuable experience from both a management and investor perspective to lead the Company to renewed profitable growth both in terms of revenues and EBITDA.

In the 2022 financial year, the change of legal form to a European Company (Societas Europaea, SE) resolved by the Annual General Meeting was successfully completed with the registration in the Commercial Register on 13 December 2022. Until this date, the Company operated as Cherry AG in the financial year 2022 and the Supervisory Board acted as the Supervisory Board



of Cherry AG, with the exception of the constituent meeting of the Supervisory Board of Cherry SE.

On behalf of the Supervisory Board, I would like to thank the members of the Management Board and all employees of Cherry SE and its subsidiaries for their outstanding work under the continuing challenging circumstances and their passionate commitment to the Company's exciting new initiatives for 2023.

In the following section you will find the report of the Supervisory Board on its activities and the activities of its committees in the financial year 2022.

COMPOSITION OF THE SUPERVISORY BOARD

In the 2022 financial year, the Supervisory Board of Cherry AG consisted of Marcel Stolk (Chairman), James Burns (Deputy Chairman and Chairman of the Audit Committee), Joachim Coers (member of the Personnel and Compensation Committee), Heather Faust (Chairwoman of the Personnel and Compensation Committee, member of the Audit Committee), Steven M. Greenberg (Chairman of the Nomination Committee), Tariq Osman (member of the Nomination Committee and of the Personnel and Compensation Committee) and Dino Sawaya (member of the Audit Committee and the Nomination Committee).

At the Annual General Meeting on 8 June 2022, all current members of the Supervisory Board were elected as the first members of the Supervisory Board of Cherry SE in connection with the resolution on the conversion of Cherry AG into a European Company (Societas Europaea, SE). Their election took place in each

case with effect as of the date of registration of the conversion of the Company in the commercial register on 13 December 2022 and for a term of office until the end of the General Meeting which resolves on the discharge of the members of the Supervisory Board for the first financial year of Cherry SE, i.e. the Annual General Meeting in the financial year 2023.

The Supervisory Board of Cherry SE constituted itself on 18 October 2022 and confirmed Marcel Stolk as Chairman and James Burns as Deputy Chairman of the Supervisory Board. For Cherry SE, the Audit Committee was enlarged to four members, with James Burns continuing to act as Chairman. Heather Faust and Dino Sawaya continue to serve on the Audit Committee and Joachim Coers has joined as an additional independent member. The Nomination Committee was reduced to two members and now consists of Chairman Steven M. Greenberg and additional member Dino Sawaya. The Personnel and Compensation Committee again consisted of three members. While Heather Faust continues to be Chairwoman, Marcel Stolk is now a further member of this committee alongside Joachim Coers. The Supervisory Board has thus ensured that both the Audit Committee and the Personnel and Compensation Committee consist of a majority of independent members of the Supervisory Board, taking into account the expectations of institutional investors in particular and the requirements of modern corporate governance.

CONSULTATION AND MONITORING

The Supervisory Board duly performed the duties in accordance with the statutory requirements, the Articles of Association, the Supervisory Board's Rules of Procedure and the German Corporate Governance

Code. It received regular and detailed written and oral reports on the intended business strategy, material issues regarding financial, investment and personnel planning and the progress of business as well as risks and opportunities. In particular, the Supervisory Board was informed by the Management Board from June 2022 onwards at regular intervals of approximately one month about the current key financial figures of the Company, measures to reduce costs and possible restructuring programs, the M&A strategy of the Company, the financial and personnel development as well as the situation of the individual business units and the status of the conversion into an SE and discussed these topics with the Management Board. In addition, the Supervisory Board reviewed the sustainability report for the financial year 2022, which is published as a summarised separate non-financial report on the Company's website. The Supervisory Board has reviewed and advised on the fundamental strategic orientation of the group as developed by the Management Board. The Supervisory Board was directly involved in all material decisions and transactions requiring approval of the Supervisory Board were presented by the Management Board.

MEETINGS OF THE SUPERVISORY BOARD AND ITS COMMITTEES

The Supervisory Board plenum formally met eight times in the 2022 financial year. One meeting was held in person and seven meetings were held as video conferences. In addition, the Supervisory Board passed resolutions outside of a meeting by email three times. The Audit Committee held a total of six meetings in the 2022 financial year, the Personnel and Compensation



Committee met five times and the Nomination Committee met twice. The Supervisory Board and its committees also convened regularly without the Management Board as necessary to deliberate on items that pertained to the Management Board or required internal discussion among Supervisory Board members alone. The outcome of committee meetings was reported in the respective subsequent plenary meeting.

Tariq Osman was unable to attend one meeting of the Supervisory Board. The other members of the Supervisory Board each attended all meetings of the Supervisory Board. All members of the Audit Committee attended all meetings of the Audit Committee. Heather Faust and Joachim Coers both attended all meetings of the Personnel and Compensation Committee and Tariq Osman was unable to attend two of the five meetings. Steven M. Greenberg and Dino Sawaya attended all meetings of the Nomination Committee and Tariq Osman was unable to attend either of the two meetings.

Overview of Plenary and Committee Meetings and Attendance on an Individual Basis in the 2022 Financial Year

Member	Plenum	Audit Committee	Personnel and Compensation Committee	Nomination Committee
Marcel Stolk	8 / 8	–	–	–
James Burns	8 / 8	6 / 6	–	–
Joachim Coers	8 / 8	–	5 / 5	–
Heather Faust	8 / 8	6 / 6	5 / 5	–
Steven M. Greenberg	8 / 8	–	–	2 / 2
Tariq Osman	7 / 8	–	3 / 5	0 / 2
Dino Sawaya	8 / 8	6 / 6	–	2 / 2

PLENARY MEETINGS

In each of its ordinary quarterly meetings of the 2022 financial year the plenum of the Supervisory Board analyzed and discussed the management reports on the development of the business and the Company's strategy as well as capital markets developments. In addition, the Supervisory Board dealt with the following focus areas:

At its meeting on 30 March 2022, the Supervisory Board dealt with the annual financial statements and the consolidated financial statements as well as the combined management report for Cherry AG and the group as of 31 December 2021, the Dependent Company Report for the 2021 financial year, the remuneration report for the 2021 financial year and the report of the Supervisory Board for the 2021 financial year. In addition, the Supervisory Board approved the establishment of a limited liability company (GmbH) under German law to operate the European e-commerce business. The Chairman of

the Audit Committee reported on the topics discussed in the last meeting of the Audit Committee. The Chairperson of the Personnel and Compensation Committee reported on the committee's deliberations.

At its meeting on 20 April 2022, the Supervisory Board approved the agenda items for the Annual General Meeting on 8 June 2022, the separate non-financial report of Cherry AG for the period from 1 January to 31 December 2021 and the new appointment of a Head of HR and a Head of E-Commerce. After extensive consultation in December 2021, the Supervisory Board had already approved the decision of the Management Board to hold the Annual General Meeting in 2022 as virtual meeting without physical presence of the shareholders.

At its meeting on 4 May 2022, the Supervisory Board approved the conclusion of the profit and loss transfer agreement between Cherry Digital Health GmbH and Active Key GmbH. In addition, the Management Board presented the financial figures for the first quarter and the Chairman of the Audit Committee reported on the topics discussed in the last meeting of the Audit Committee.

At its meeting on 16 July 2022, the Supervisory Board received information on the preliminary key financial figures for the first half of 2022 as well as on the Management Board's current considerations regarding the development and organisation of the various business units within the group. In addition, the Supervisory Board discussed the business development in the second half of 2022.

At its meeting on 17 July 2022, the Supervisory Board approved the continuation of the share buy-back pro-



gram, taking into account the business development in the first half of 2022.

At the constituent meeting of the Supervisory Board of Cherry SE on 18 October 2022, the Supervisory Board appointed Marcel Stolk as Chairman and James Burns as Deputy Chairman of the Supervisory Board. Furthermore, the Supervisory Board appointed Mr. Rolf Unterberger, Mr. Bernd Wagner and Dr. Udo Streller as members of the Management Board of Cherry SE. Mr. Rolf Unterberger was appointed Chairman of the Management Board of Cherry SE. The Supervisory Board determined that contractual agreements, i.e. also the service agreements with the members of the Management Board, remain effective due to the principle of the identity-preserving change of legal form and approved the current service agreements with the members of the Management Board for Cherry SE. The change of legal form into Cherry SE was registered with the commercial register of the Local Court of Munich on 13 December 2022 and thus became effective on that date.

At its meeting on 27 November 2022, the Supervisory Board acknowledged that Mr. Rolf Unterberger had resigned from his office as member of the Management Board and Chairman of the Management Board with effect from 31 December 2022 and it approved the conclusion of a termination agreement with Mr. Unterberger. Furthermore, the Supervisory Board appointed Mr. Oliver Kaltner as a member of the Management Board for the period from 1 January 2023 until the end of 31 December 2025, appointed him as Chairman of the Management Board and approved the conclusion of his Management Board service agreement. These resolutions were passed again with respect to Cherry SE after the change of legal form took effect and the continued validity of the existing agreements was con-

firmed or approved for the legal form of the SE.

In its meeting on 12 December 2022, the Supervisory Board of Cherry AG approved the acquisition of Xtrfy. In addition, the Management Board provided information on the financial development and budget planning for the period 2023-2025. The Supervisory Board was also informed about the amendment to the German Corporate Governance Code and the change to the skills and expertise profile in relation to sustainability aspects required as a result. In addition, the Supervisory Board received an update on the individual business units, the status of the conversion into an SE, the risk strategy and the plans for the Annual General Meeting in 2023.

Based on the law and the requirements laid down in the Articles of Association and the Management Board's Rules of Procedure, certain transactions and measures require the prior approval of the Supervisory Board. These transactions were presented to the Supervisory Board for approval. The transactions included the conclusion of a profit and loss transfer agreement, the acquisition and establishment of subsidiaries and the granting of general commercial power of representation (Prokura) for the Company and its subsidiaries.

DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

In accordance with the requirements following the amendment of the German Corporate Governance Code in 2022, the Supervisory Board has supplemented its skills and expertise profile with knowledge and experience in the field of sustainability and adopted the joint Declaration of Compliance of the Management

Board and the Supervisory Board pursuant to Section 161 of the German Stock Corporation Act (AktG). The Declaration of Compliance has been made permanently available on the Company's website in the Governance section.

AUDIT COMMITTEE

The Audit Committee reviewed the annual financial statements, consolidated financial statements and combined management report as well as the non-financial report for the 2022 financial year, the 2022 half-year report and the quarterly reports for the first quarter and the third quarter of the 2022 financial year. The Audit Committee regularly reviewed and discussed the audit focus and quality, risks and ongoing litigation, the organizational talent and staffing levels of the finance team, as well as the approval of non-audit services. In addition, it discussed the assessment of the audit risk, the audit strategy and audit planning as well as the audit results with the auditor. The Audit Committee also consulted with the auditor without the Management Board being present. Outside of the meetings, the Chairman of the Audit Committee regularly exchanged information with the auditor on the progress of the audit and reported to the Committee on this. The Audit Committee also dealt with the accounting and the accounting process, the adequacy and effectiveness of the Company's internal control system and risk management system (including sustainability-related aspects) as well as the effectiveness, equipment and findings of the internal audit system.



PERSONNEL AND COMPENSATION COMMITTEE

The Personnel and Compensation Committee reviewed the short- and long-term remuneration components of the Management Board members for the 2022 financial year. Based on the relevant documents, the Personnel and Compensation Committee reviewed in particular the achievement of the targets for the 2021 STI tranche for the Management Board. In addition, the structure of the current tasks and areas of responsibility on the Management Board were examined in detail. Strategic succession planning and personnel topics with regard to the composition of the Management Board and the appointment of a new Management Board member were also discussed. The Personnel and Audit Committee oversaw the selection process for the appointment of a new Chairman of the Management Board and prepared his service agreement as well as the termination agreement with the resigning Management Board member Mr. Rolf Unterberger.

NOMINATION COMMITTEE

In accordance with the objectives for the composition of the Supervisory Board, the Nomination Committee has submitted a proposal to the Supervisory Board that the members of the Supervisory Board also be proposed for election to the first Supervisory Board of Cherry SE at the Annual General Meeting.

CONFLICTS OF INTEREST

According to recommendation E.1 of the German Corporate Governance Code, the Supervisory Board shall inform the Annual General Meeting in its report of any conflicts of interest which have arisen and how they have been addressed. No conflicts of interest arose in the Supervisory Board in the 2022 financial year. In particular, no conflict of interest was disclosed by a member of the Supervisory Board to the Chairman of the Supervisory Board or reported by a member of the Management Board or third parties.

TRAINING AND PROFESSIONAL DEVELOPMENT

The Company trained the members of the Supervisory Board on corporate governance topics and on the duties and competencies of the Supervisory Board.

AUDIT AND RATIFICATION OF THE ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

At the Annual General Meeting on 8 June 2022, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, with its registered office in Stuttgart, Essen branch, was elected as auditor and group auditor for the 2022 financial year. The audit covered the annual and consolidated financial statements and the combined management report for the Company and the group for the 2022 financial year. In all cases, an unqualified audit opinion was issued.

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 statutory regulations.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the European Union as well as in accordance with the supplementary German statutory provisions applicable under Section 315e (1) of the German Commercial Code (HGB). The auditor conducted the audit in accordance with Section 317 of the German Commercial Code (HGB) and the EU Regulation on Auditors, in compliance with the generally accepted German standards for the audit of financial statements issued by the Institute of Chartered Accountants (Institut der Wirtschaftsprüfer) and in supplementary consideration of the International Standards on Auditing (ISA). The annual financial statements, the consolidated financial statements and the combined management report were dealt with in-depth and discussed in detail at the meeting of the Audit Committee on 23 March 2023. In particular, the Audit Committee dealt with the key audit matters outlined in the respective auditor's report (including the audit procedure). The auditor's reports were made available to all members of the Supervisory Board and were discussed in detail in the presence of the auditor at the Supervisory Board's meeting on 27 March 2023. The auditor reported on the scope, the key aspects and the main results of the audit and in particular on the key audit matters and the audit procedure. No significant weaknesses in the internal control and risk management system were reported. The Management Board explained the financial statements of Cherry SE and the Cherry group in detail during this meeting. The Supervisory Board agreed with the results of the audit. Fol-



Following the final review by the Audit Committee and the Supervisory Board's own review, no objections arose. The Management Board prepared the annual financial statements and the consolidated financial statements. The Supervisory Board approved the annual financial statements and the consolidated financial statements on 29 March 2023. The annual financial statements are therefore adopted.

SUMMARISED SEPARATE NON-FINANCIAL REPORT

The Supervisory Board also dealt with the summarised separate non-financial report for the Company and the group for the period from 1 January to 31 December 2022 (referred to as the Sustainability Report 2022) prepared by the Management Board.

The separate non-financial report was carefully examined by the Supervisory Board in its meeting on 27 March 2023. All members of the Supervisory Board were provided with the documents for this in good time. The Management Board was present at the Supervisory Board meeting and explained the report. All additional questions of the Supervisory Board members were answered and supplementary information was provided. In the course of the detailed discussion, it was jointly agreed that information regarding EU-taxonomy will be covered for the first time in the 2023 non-financial report in 2024 and no reasons were identified that preclude the proper and appropriate preparation of the summarised separate non-financial report.

On the basis of its own examination, the Supervisory Board took note of and approved the summarised separate non-financial report for the Company and the group for the period from 1 January to 31 December 2022 on 29 March 2023 and had no objections to the report.

For the Supervisory Board

A handwritten signature in black ink, appearing to read 'Marcel Stolk', with a large, sweeping flourish at the end.

Marcel Stolk
Chairman