



**CHERRY** 

# H1 2022 INVESTOR PRESENTATION

August 11, 2022

# CHERRY MANAGEMENT BOARD



Rolf Unterberger - CEO



Bernd Wagner - CFO



Dr. Udo Streller - COO

# CHERRY AT A GLANCE – FINANCIAL HIGHLIGHTS H1 2022



€ 65.9m

Revenue down 18.0% from H1/2021,  
(yet up 10.1% from H1/2020\*)



14.3%

EBITDA margin (adj.) down 15.9pp. y-o-y,  
(yet up 1.9pp. Q2/2022 vs. Q1/2022)



528

Employees down 4.7%



€ 0.3m

Operating cashflow up € 2.7m. y-o-y



€ 37.9m

Net cash



M&A

Ongoing discussions with potential targets



Global market leader



Innovation and quality  
leadership



Brand recognition



Blue chip customer  
base



Global multichannel  
sales



Scalable production  
base



Solid financial profile

\* Basis: Unaudited condensed consolidated interim financial statements of Cherry AcquiCo GmbH (now Cherry AG).

# CURRENT BUSINESS SITUATION AND MARKET ENVIRONMENT

## MAIN HIGHLIGHTS IN H1/2022

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- 🔥 New customer announcements for market launch of high-end devices featuring ULP switches (e. g. DELL, MSI, XMG, Corsair)
- 🔥 Launch of several new wireless gaming devices
- 🔥 Further expansion of product portfolio and sales channels – strong growth in e-commerce for office peripherals
- 🔥 > 100,000 e-health terminals sold in German telematic infrastructure (July)
- 🔥 Several new awards (e. g. German innovation award for ULP)

## MARKETS AND ECONOMIC ENVIRONMENT

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- 🔥 Supply chain disruptions and lock-downs in China
- 🔥 Keyboard markets in China/USA/Europe are temporarily slowing down
- 🔥 Lower demand and high inventories at manufacturers and distributors
- 🔥 Soft economic outlook for end consumer demand in 2022 due to inflation
- 🔥 Long-term secular market trends remain positive

## MOST RECENT PRODUCT LAUNCHES BY EXAMPLE

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**CHERRY MX 8.2 TKL Wireless** – elegant gaming professional Wireless and incredibly fast with a latency of less than 1 ms



**CHERRY MW 4500** – more ergonomics, less fatigue  
Angled shape corresponds much better to natural wrist position

# CHERRY PROFESSIONAL – LATEST DEVELOPMENTS

## NEW PRODUCTS AND MARKET TRENDS

- Portfolio expanded, including wireless technology with focus on:
  - Ergonomic design
  - Optimized typing feel due to ULP tactile switches
  - Reduced form factor without number pad
  - High-quality materials
  - Specific radio frequency and Bluetooth® standards
- Further products under development for knowledge workers, streamers and creators

## E-COMMERCE – CURRENT STATUS

- E-commerce Europe is further growing
- Focus on digital sales market in the USA

## DIGITAL HEALTH – CURRENT AFFAIRS

- Strong growth with expanded market share
- The "Telematics Infrastructure 2.0" is currently being designed and new software- and service-based revenue streams with the next generation of telematics infrastructure are expected from 2025 to 2027



KC 4500 ERGO



Slidepad Ergo

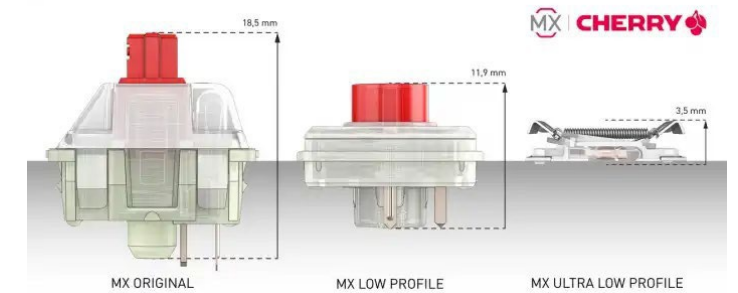


eHealth Terminal ST-1506

# CHERRY GAMING – LATEST DEVELOPMENTS

## NEW SWITCHES / SWITCH VERSIONS

- Market launch of CHERRY MX Ultra Low Profile switch (tactile version) for use in premium Office Notebooks
- Development of new analogue switch technology with customizable functionalities nearing completion, allowing for a completely new gaming experience



## NEW GAMING DEVICES / KEYBOARDS

- Portfolio expansion with new CHERRY Advanced Wireless Technology keyboards with only 1ms latency, creating an upgrade cycle (e. g. MX3.0S, MX8.2S, MX2.0S)
- New gaming devices with smaller form factors to meet current market trend (esp. 60-80% keyboards) (e.g.: MX3.0S TKL as well as 60% keyboard versions MX LP2.1 and MX LP6.1)
- Launched new gaming mice MC1.1 and MC1.1 Plus to enter the big entry gaming mouse market segment
- New special edition variant of MX2.0S dedicated for cyberbars and Internet cafes in China



# CUSTOMER / PRODUCT LINE-UP FOR NEW CHERRY ULP-SWITCHES

Alienware M, Alienware X and Dell G platforms



Corsair VOYAGER a1600



XMG NEO 15



Cairn Mesa | Key

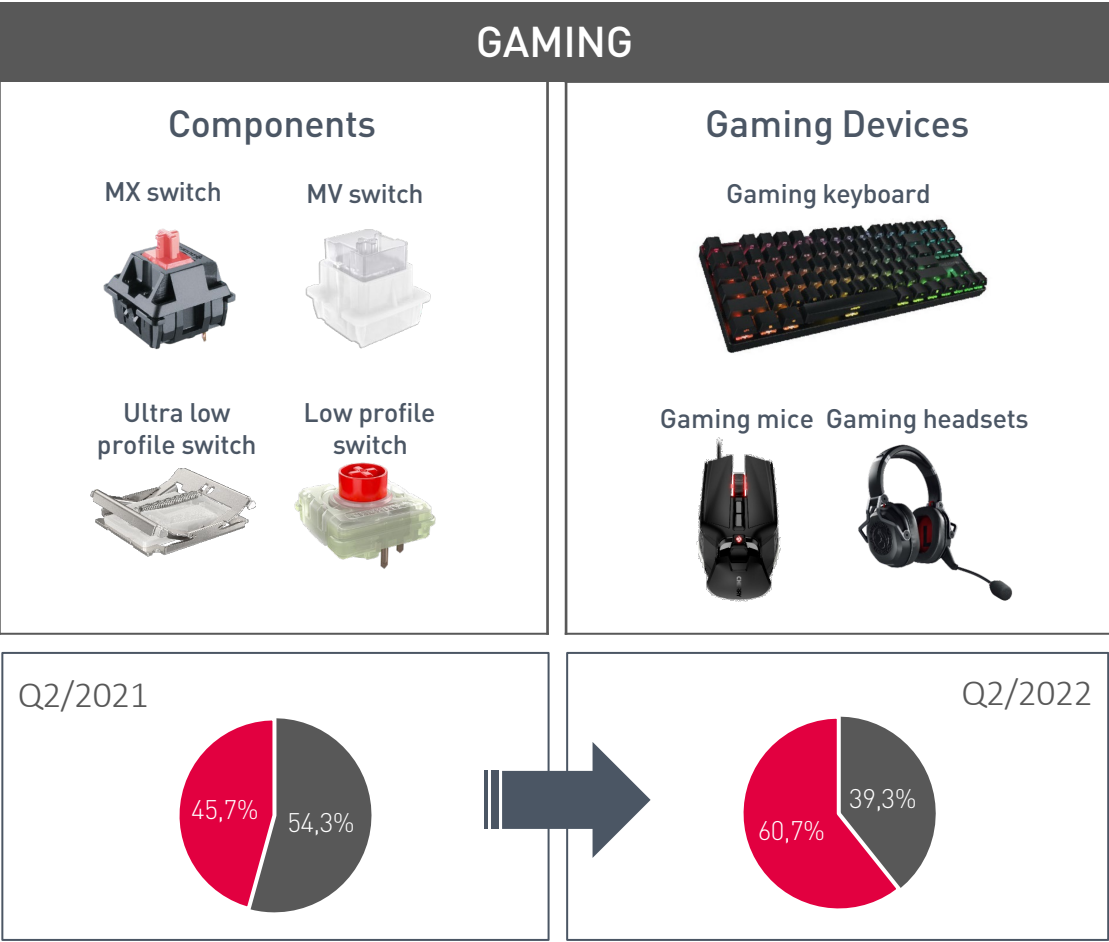


MSI GT77 TITAN



*And more to come...*

# SIGNIFICANCE OF PROFESSIONAL BUSINESS CONTINUES TO GROW

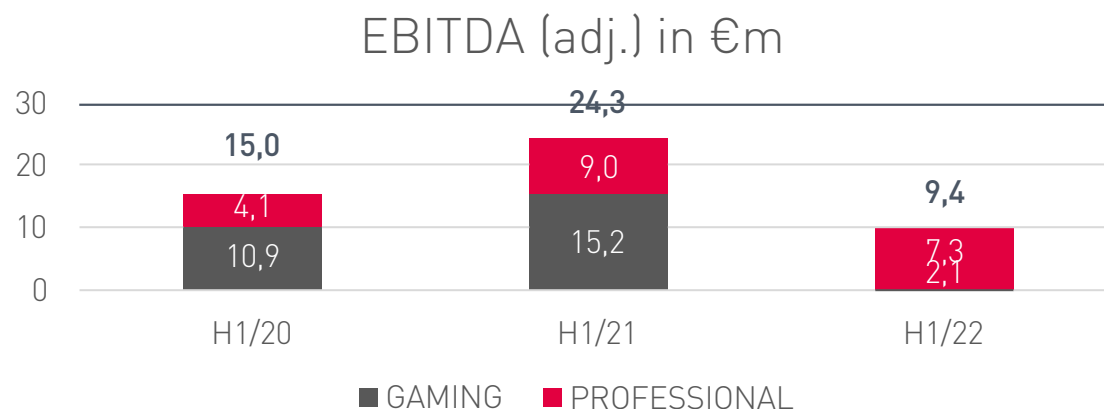
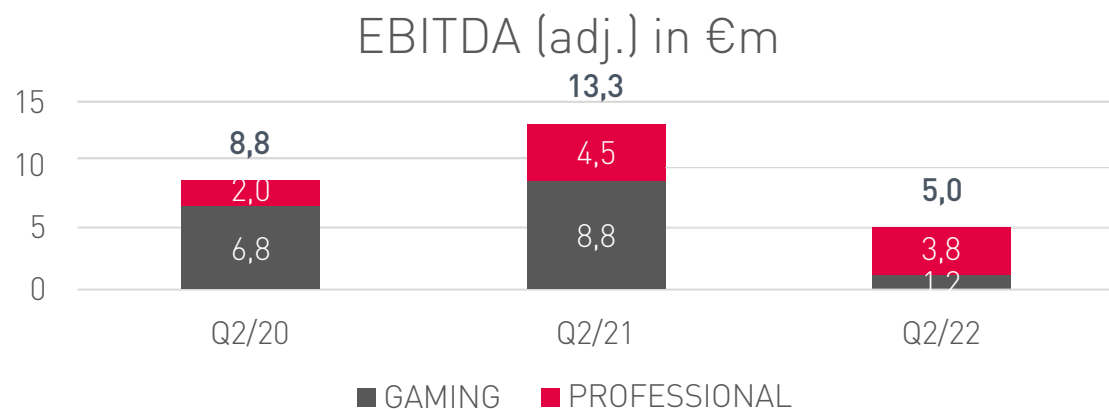
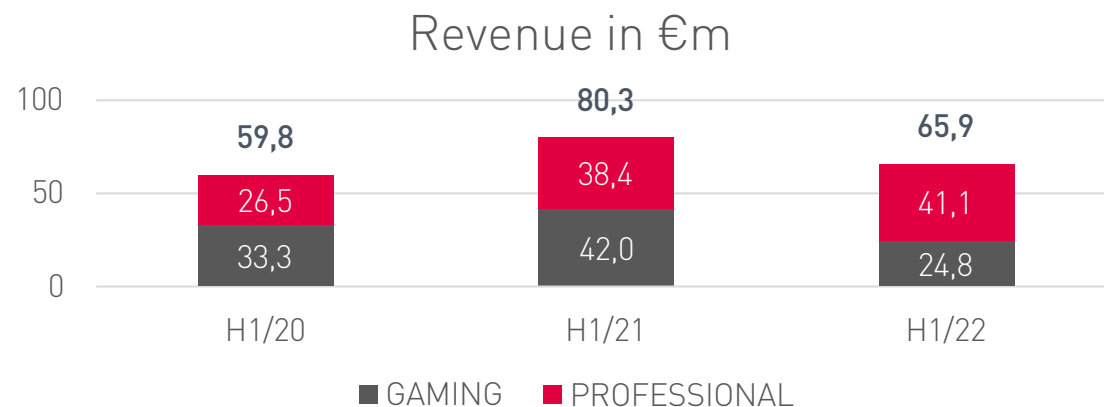
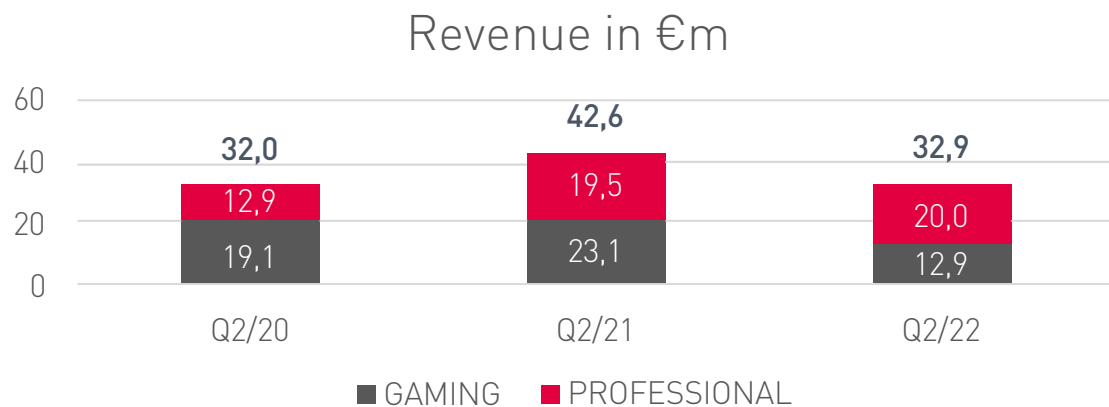




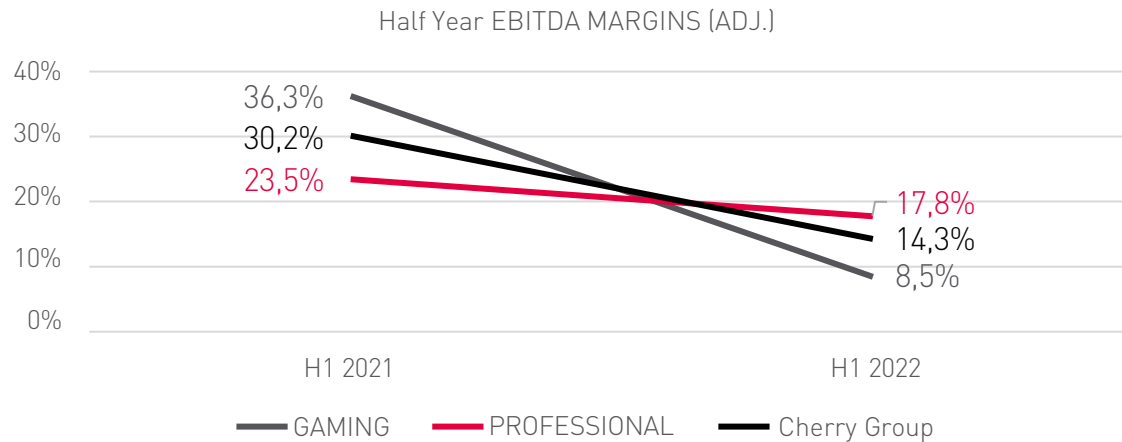
# PERFORMANCE Q2/H1 2022 OVERVIEW

In €m/ as indicated	Q2/22	Q2/21	Δ	H1/22	H1/21	Δ
Revenue	32.9	42.6	-22.8%	65.9	80.3	-18.0%
Gross profit	11.0	17.6	-37.8%	20.8	33.1	-37.2%
Gross profit margin	33.4%	41.4%	-8.0pp.	31.6%	41.3%	-9.7pp.
EBITDA (adj.)	5.0	13.3	-62.1%	9.4	24.3	-62.1%
EBITDA margin (adj.)	15.3%	31.2%	-15.9pp.	14.3%	30.2%	-15.9pp.
EBITDA	4.3	8.8	-51.7%	8.2	18.9	-56.7%
EBITDA margin	12.9%	20.6%	-7.7pp.	12.4%	24.5%	-12.1pp.
EBIT (adj.)	1.2	9.5	-87.6%	1.7	17.0	-90.2%
EBIT margin (adj.)	3.6%	22.3%	-18.7pp.	2.5%	21.2%	-18.7pp.
EBIT	0.4	5.0	-92.1%	0.4	11.7	-96.5%
EBIT margin	1.2%	11.7%	-10.5pp.	0.6%	15.6%	-15.0pp.

# FINANCIAL PERFORMANCE OF BUSINESS AREAS



# DOUBLE-DIGIT GROUP PROFITABILITY SUSTAINED



## 14.3% EBITDA MARGIN (ADJ.) IN H1 2022

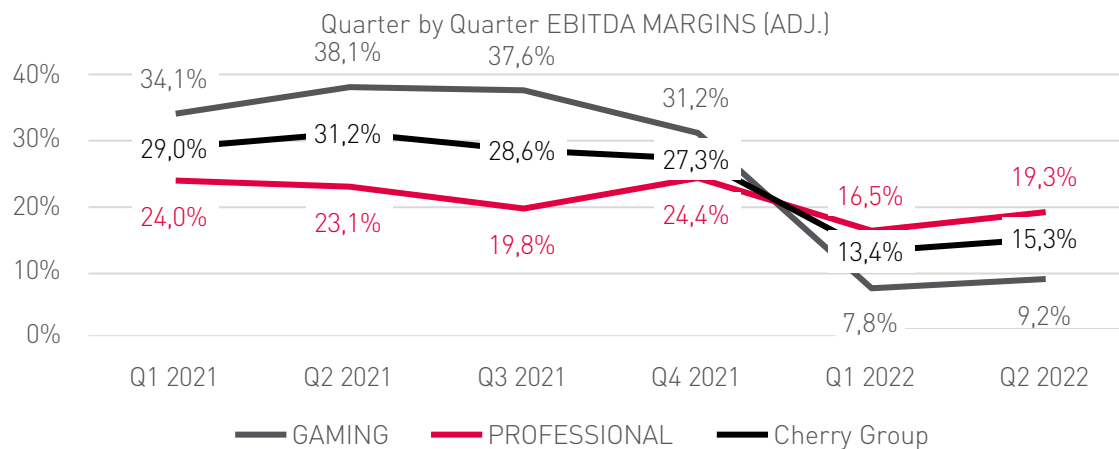
17.8% EBITDA margin (adj.) in PROFESSIONAL business influenced by:

- Increased prices for raw materials incl. FX effects
- Expansion of global sales staff

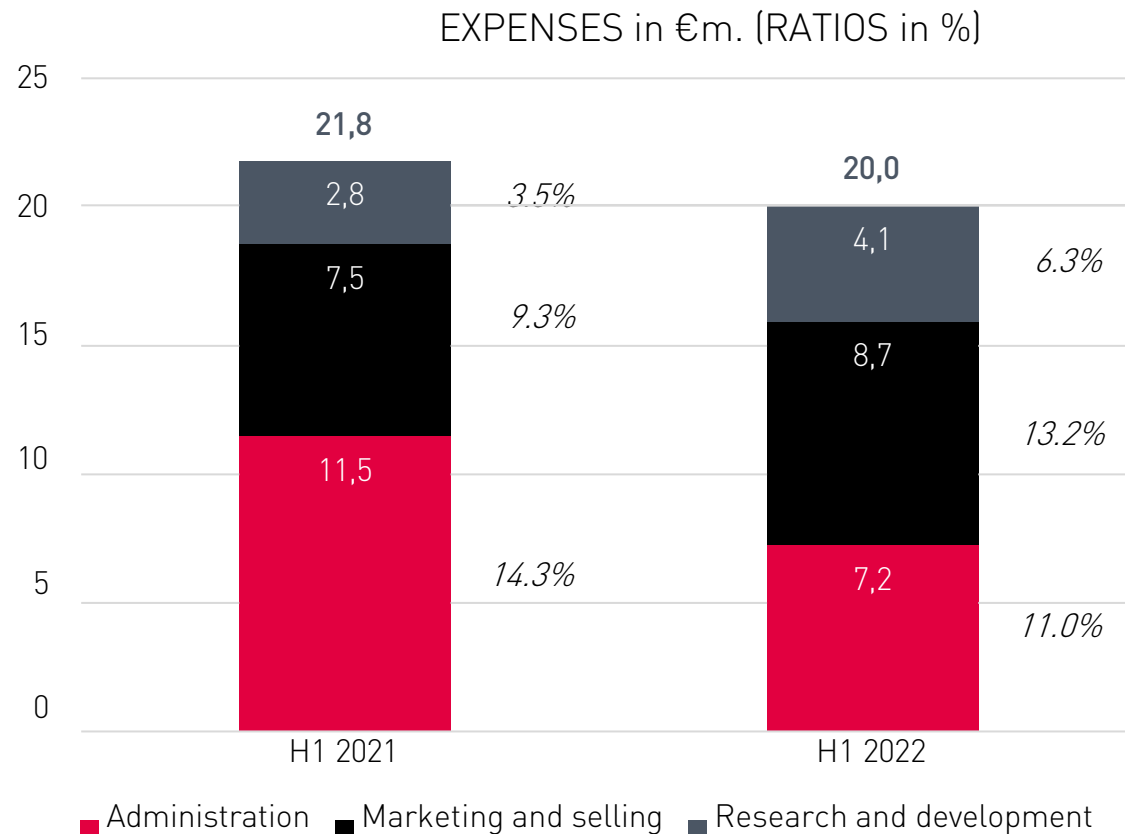
8.5% EBITDA margin (adj.) in GAMING business influenced by:

- Disruptions in global supply chains
- Temporary closure of Chinese production and logistics sites
- Current trend towards smaller gaming keyboards

Group EBITDA margin for Q2 2022 sequentially up 1.9pp. from Q1 2022



# FURTHER INVESTMENTS IN FUTURE GROWTH



## 🌸 Research and development

- 🌸 Higher amortization of capitalized development costs
- 🌸 Higher internal and external staff costs

## 🌸 Marketing and selling expenses

- 🌸 Implementation of the e-commerce strategy (being adjusted)
- 🌸 Higher staff and hiring costs for new sales staff
- 🌸 Reclassification of MDF to revenue deductions EUR -0.7m and higher marketing and logistics expenses EUR +0.3m

## 🌸 Administration expenses

- 🌸 EUR -3.8m share-based program in H1 2021 (being adj.)
- 🌸 EUR -1.4m IPO expenses in H1 2021 (being adj.)
- 🌸 Costs relating to a publicly listed company and conversion into SE

# STRONG FINANCIAL POSITION AS OF JUNE 30, 2022

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## TOTAL ASSETS OF EUR 407.7M AS OF JUNE 30

- ❖ Strong cash position of EUR 99.7m enables further implementation of growth and M&A strategy
- ❖ Net cash is EUR 37.9m
- ❖ Inventory level of EUR 52.3m provides for fast delivery capability in e-commerce business
- ❖ Equity ratio of 72.0% shows solid balance sheet structure
- ❖ Net working capital\* of EUR 45.8m mainly reflects strategic build-up of inventories
- ❖ 215,318 treasury shares as of June 30, 2022, available as an acquisition currency for M&A

\* Current assets (excluding cash and cash equivalents) less current liabilities (excluding financial liabilities).

# CASH FLOW AS OF JUNE 30, 2022

in TEUR	Q2 2022	Q2 2021	H1 2022	H1 2021
Net loss for the period	-362	-4.896	-615	-2.539
Depreciation, amortization and write-downs (+) / reversals thereof (-) on fixed assets	3.854	3.687	7.773	7.11
Increase (+) / decrease (-) in provisions	-71	3.707	-97	3.535
Other non-cash expenses (+) / income (-)	738	3.849	828	4.172
Increase (-) / decrease (+) in inventories, trade receivables and other assets	-5.892	-6.878	-8.404	-16.986
Increase (-) / decrease (+) in trade payables and other liabilities	3.290	-327	543	3.374
Interest expenses (+) / interest income (-)	443	9.774	911	13.401
Net Interests (-)	-198	-9.288	-633	-12.207
Net tax effects	1.146	-1.699	-21	-2.310
Other	-2	45	-2	45
<b>Cash flow from operating activities</b>	<b>2.946</b>	<b>-2.026</b>	<b>283</b>	<b>-2.405</b>
Cash paid (-) for investments in property, plant and equipment	-1.680	-1.805	-2.918	-3.616
Cash paid (-) for investments in intangible assets	-1.085	-410	-1.822	-1.282
Cash paid (-) for the purchase of consolidated companies	-1.600	-2.849	-1.600	-3.269
Other	3	98	3	103
<b>Cash flows from investing activities</b>	<b>-4.362</b>	<b>-4.966</b>	<b>-6.336</b>	<b>-8.065</b>
Cash received (+) from equity contributions	-	137.600	-	137.600
Cash paid (-) in the course of the share buyback program	-1.948	-	-1.948	-
Cash paid (-) for capital procurement costs	-	-6.345	-	-6.345
Cash paid (-) for other current financial liabilities (IFRS 16 leases)	-882	-882	-1.880	-1.783
Cash paid (-) for the repayment of (financial) loans	-532	-80.032	-581	-80.069
Other	-	-	5	-
<b>Cash flows from financing activities</b>	<b>-3.362</b>	<b>50.341</b>	<b>-4.403</b>	<b>49.403</b>
Cash-relevant change in cash and cash equivalents	-4.778	43.349	-10.457	38.933
Changes in cash and cash equivalents due to changes in exchange rates,	251	-67	450	349
<b>Cash and cash equivalents at beginning of period</b>	<b>104.198</b>	<b>18.900</b>	<b>109.678</b>	<b>22.900</b>
<b>Cash and cash equivalents at end of period</b>	<b>99.671</b>	<b>62.182</b>	<b>99.671</b>	<b>62.182</b>

# UPDATED FORECAST FY 2022 – FURTHER OUTLOOK

IN €M/  
AS INDICATED

FY 2021

FORECAST FY 2022

AS OF MAR. 31

AS OF JUL. 18

Revenue	168.5	170 – 190	150 - 170
EBITDA margin (adj.)	29.0%	23 to 26%	14 to 19%

## FORECAST UPDATE BASED ON:

- Global slowdown in economic growth and rising inflation expected in the further course of the year as a result of the Ukraine war
- Ongoing supply chain disruptions as a result of the lockdowns in China
- Still high inventory levels at customers
- Decline in demand for certain mechanical keyboard switches

## FURTHER OUTLOOK

- GAMING**  
Lower revenue level in GAMING business area for fiscal year 2022 than previously assumed (previously: revenue growth in the mid-single-digit percentage range)
- PROFESSIONAL**  
Revenue growth in the low double-digit percentage range for fiscal year 2022 (as previously expected)
- Beyond 2022**  
Continue double-digit growth and expand adjusted EBITDA margin on Group-level
- Long-term secular market trends in Gaming, Work-from-anywhere and digital health remain positive despite short-term headwinds

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# APPENDIX





# RECONCILIATION TO ALTERNATIVE PERFORMANCE MEASURES (ESMA)

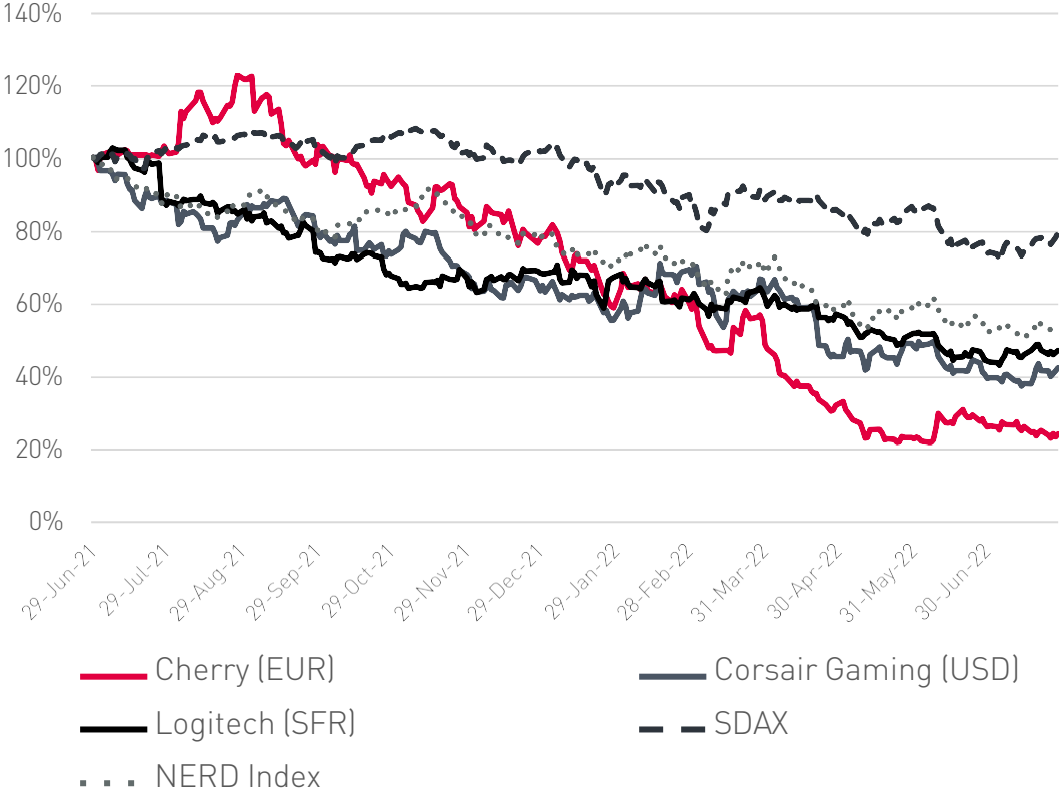
IN € MILLION	H1 2022	H1 2021
Group net profit/loss	-0.615	-2.539
- Income taxes	0.114	0.824
- Financial result	0.911	13.401
EBIT	0.409	11.686
+/- Staff expenses (incl. share-based personnel expenses) / (income)	-	3.659
+ Expenses related to capital market transactions	-	0.988
+ Expenses related to M&A transactions	0.386	0.777
+ Expenses related to natural disaster and pandemics	-	0.012
+ Other non-recurring expenses	0.873	-0.087
<i>Total operating result adjustments</i>	<i>1.259</i>	<i>5.349</i>
Adjusted EBIT	1.668	17.035

IN € 000	H1 2022	H1 2021
Adjusted EBIT	1.668	17.035
+ Depreciation, amortization and impairment losses*	7.773	7.217
Adjusted EBITDA	9.441	24.252
EBIT	0.409	11.686
+ Depreciation, amortization and impairment losses*	7.773	7.217
EBITDA	8.182	18.903

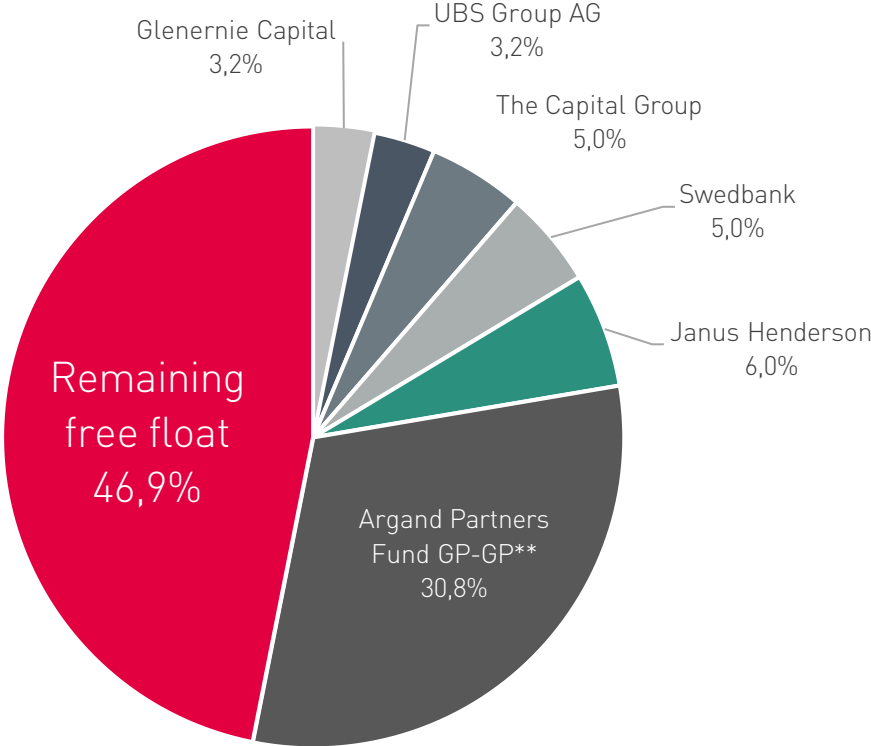
\* Including depreciation and amortization of acquired order book.

# SHARE PERFORMANCE / CURRENT SHAREHOLDER STRUCTURE

## RELATIVE SHARE PERFORMANCE



## SHAREHOLDER STRUCTURE



\*\* Based on internal investor reporting to Cherry, not subject to disclosure.

# CHERRY SHARE BUYBACK 2022

## OVERVIEW

- The Management Board has resolved on June 9, 2022, with the consent of the Supervisory Board, to launch a share buyback program using the AGM authorization of June 23, 2021.
- Within the framework of the Share Buyback Program 2022, up to a total of 2,000,000 shares (corresponding to up to 8.2 % of the existing share capital of the Company) may be repurchased
- from June 13, 2022, to June 30, 2023,
- at a total purchase price (excluding incidental acquisition costs) of a maximum of EUR 25.0 million
- up to a price cap of EUR 14.00 per share.

## TRANSACTIONS

Date	No. of shares purchased	Average price (in €)	Purchased volume (in €)
June 13-19, 2022	84,610	8.7961	744,237.00
June 20-24, 2022	81,953	9.4088	771,078.35
June 27-30, 2022	48,755	8.8687	432,394.84
SUBTOTAL Q2	215,318	9.0457	1,947,710.19



# CHERRY AWARDS IN FIRST HALF 2022



**CHERRY**



MX 10.0N RGB mechanical MX Low Profile Keyboard



reddot winner 2022



G80-3000S TKL mechanical keyboard





Patented Ultra low Profile switch

## FOR BRAND, CUSTOMER SATISFACTION, AND PRODUCTS

In the first half of 2022, CHERRY received further awards and nominations for outstanding innovation, design, quality and sustainability. These include the IF Design Award 2022 for the MX 10.0N RGB mechanical MX Low Profile Keyboard and the Red Dot Design Award 2022 for the legendary G80-3000S TKL RGB mechanical keyboard, as well as the German Innovation Award 2022 in Gold for the patented MX Ultra Low Profile switches. In addition, CHERRY received the Plus X Awards "Best Brand of the Year 2022" in the keyboard category and "Best Customer Satisfaction 2022", based on a nationwide survey. Certifications such as the highest German sustainability certificate "Blauer Engel" for our peripherals supplement the brand image.



HC 2.2 corded 7.1 headset



MC 2.1 corded RGB mouse

# FINANCIAL CALENDAR 2022

Date	Event
September 5 – 6	Equity Forum
September 19	Berenberg - German Corporate Flagship Conference
November 15	Interim Financial Statement Q3/9M 2022
November 16	Münchner Kapitalmarkt Konferenz
November 18	M.M. Warburg – Meet the Future Conference
November 28 - 30	Eigenkapitalforum

# FORWARD LOOKING STATEMENTS

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

## General remark

Figures may not add up due to rounding.

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# THANK YOU FOR YOUR ATTENTION

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