



**CHERRY** 

# Q3/9M INVESTOR PRESENTATION

November 15, 2022

# CHERRY MANAGEMENT BOARD



Rolf Unterberger - CEO



Bernd Wagner - CFO



Dr. Udo Streller - COO

# CHERRY AT A GLANCE – FINANCIAL HIGHLIGHTS 9M 2022



**€ 98.0m**

Revenue down 20.6% from 9M/2021,  
[yet up 4.3% from 9M/2020\*]



**13.9%**

EBITDA margin (adj.)  
down 15.7pp. from 9M/2021



**525**

Employees (HC) \*\*  
down 5.2% from Dec. 31, 2021



**€ -0.8m**

Operating cash flow 9M/2022  
down € -2.3m from 9M/2021



**€ 27.3m**

Net cash  
Cash on bank € 91.3m



**M&A**

Ongoing negotiations  
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)  
\*\* Excluding Members of the Management Board, trainees, working students.



# CURRENT BUSINESS SITUATION AND MARKET ENVIRONMENT

## Managing future growth in challenging environment

### MARKETS AND ECONOMIC ENVIRONMENT

- ❖ Macroeconomic headwinds (high inflation rates, high inventory levels at customers and distributors, supply chain disruptions, US-Dollar remains strong, Ukraine war continues)
- ❖ Decline in consumer electronics spending in main markets

### MAIN HIGHLIGHTS IN 9M/2022

- ❖ Continued investments into new product development and several new product launches in Q3
- ❖ Expansion of sales channels with distributors (B-2-B) and eCommerce (B-2-C)
- ❖ Well balanced investments to improve productivity and position for future growth

**LONG-TERM SECULAR MARKET TRENDS IN GAMING, HYBRID WORKPLACES AND DIGITIZATION OF GERMANY HEALTHCARE REMAIN POSITIVE**

### MOST RECENT PRODUCT LAUNCHES BY EXAMPLE

PROFESSIONAL



**CHERRY KW 9100 SLIM** – rechargeable design keyboard, offering first-class workmanship and innovative functions

GAMING



**CHERRY MX LP 6.1 Compact Wireless** – professional performance when gaming or at work in a compact keyboard “to go” with matching cover

# CHERRY PROFESSIONAL – LATEST DEVELOPMENTS

## Further expansion of high-end wireless peripherals and sales footprint

### PERIPHERALS

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- ❖ Portfolio expansion with focus on wireless technology, such as
  - ❖ KW 9100 Slim rechargeable design keyboard, offering first-class workmanship and innovative functions (incl. AES-128 encryption)
  - ❖ GENTIX BT multi-device-function mouse for up to three end devices and perfect ergonomics, complementing famous GENTIX product line
- ❖ Further products under development for professional workers, streamers and creators' needs
- ❖ Significant expansion of eCommerce sales channels

### DIGITAL HEALTH

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- ❖ Sustain market share of > 50% in new eHealth terminal sales
- ❖ Capitalize on continued strong market demand, driven by
  - ❖ roll-out of additional applications
  - ❖ deployment to new user groups
  - ❖ synergies with connector replacement efforts
- ❖ Solidify product innovation leadership position with intro of PIN pad and new terminal release in Q1'23



**KW 9100 Slim**  
rechargeable design keyboard  
with AES-128 encryption



**GENTIX BT** Bluetooth® mouse  
with multi-device function



**G87-1505**  
(Since Q2/2018)



**eHealth Terminal ST-1506**  
(Since Q1/2021)

# CHERRY GAMING – LATEST DEVELOPMENTS

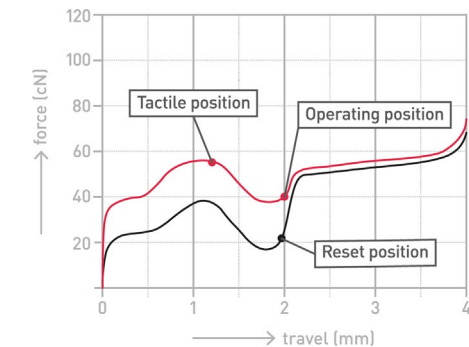
Further strengthening innovation and quality leadership in the gaming community

## COMPONENTS

- Introduction of CHERRY MX Ergo Clear derivative switch, available in various versions
- Market launch of CHERRY MX ULP switch (tactile version) for use in premium keyboard segment with Corsair K100 AIR Wireless
- Development of new analogue switch technology with customizable functionalities available for marketing, allowing for a completely new gaming experience

## GAMING DEVICES

- Portfolio expansion with new CHERRY Advanced Wireless Technology, creating an upgrade cycle (e. g. MX3.0S, MX8.2S, MX2.0S)
- New gaming devices with smaller form factors to meet current market trend (e. g. “60%-keyboard” versions MX LP2.1 and MX LP6.1)



The **CHERRY MX Ergo Clear**, a derivative dedicated to the DIY-community, features a particularly tactile switching characteristic without an audible click and a light actuation force.



The **CHERRY MX LP 6.1 Compact Wireless** features a compact 68-key layout and is equipped with the new NORDIC chipset, delivering a fast, accurate, and precise response.



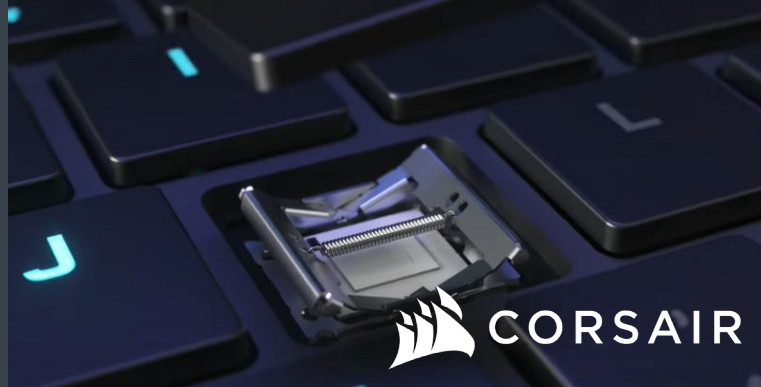
# CUSTOMER / PRODUCT LINE-UP FOR NEW CHERRY ULP-SWITCHES

CORSAIR's thinnest high-performance keyboard ever most recent addition to ULP customer base

Alienware M, Alienware X and Dell G platforms



Corsair VOYAGER a1600



XMG NEO 15



Cairn Mesa | Key



MSI GT77 TITAN

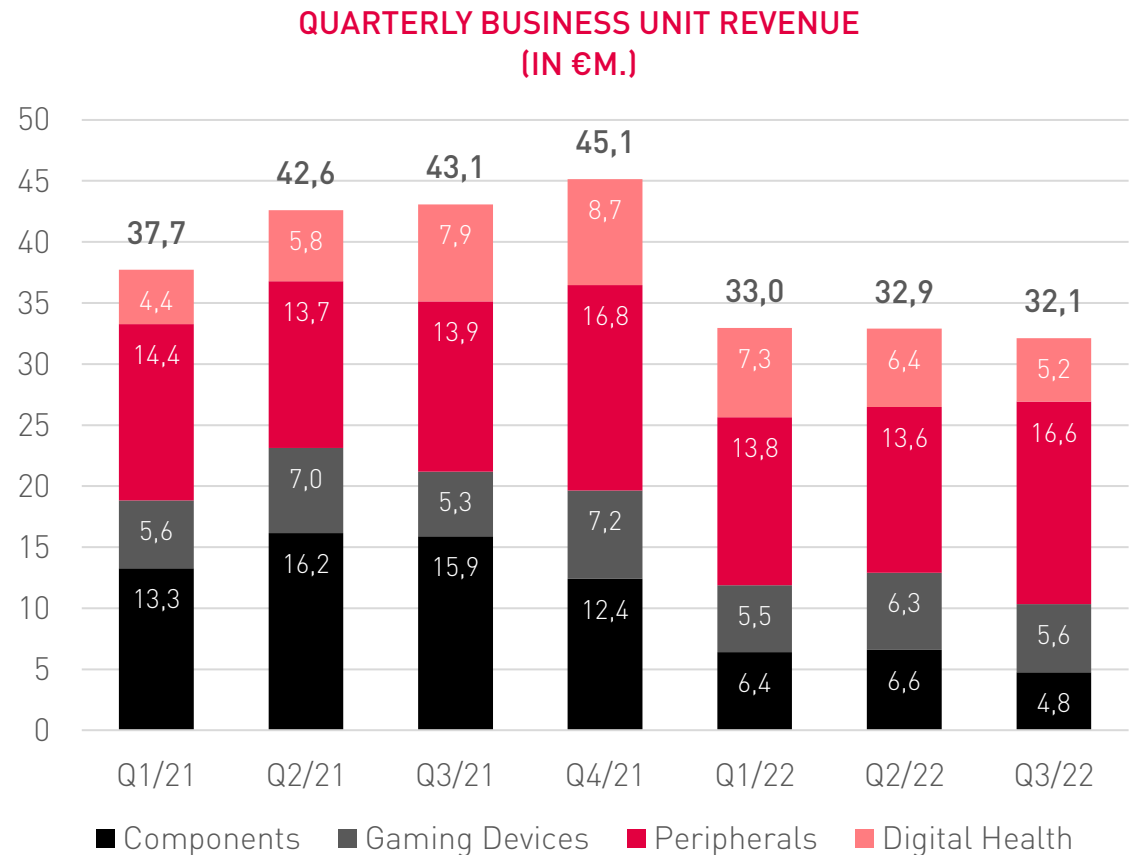
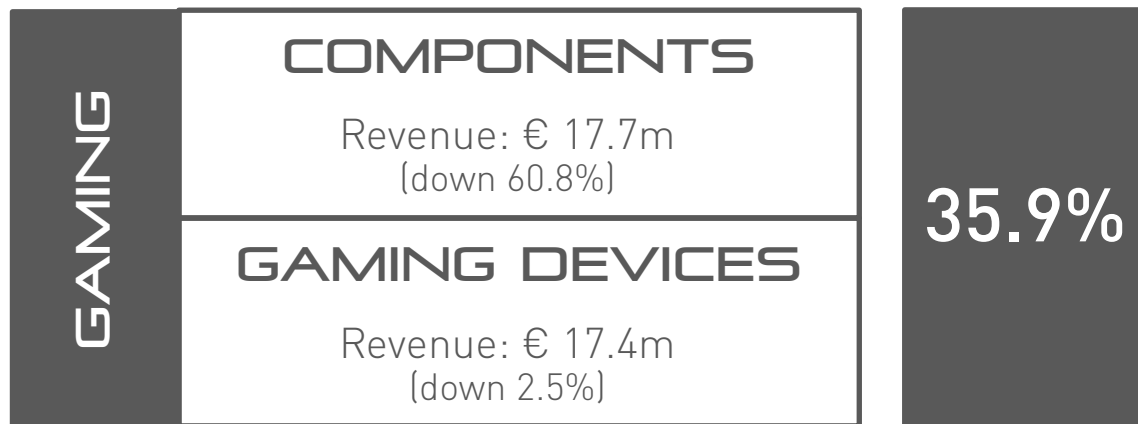
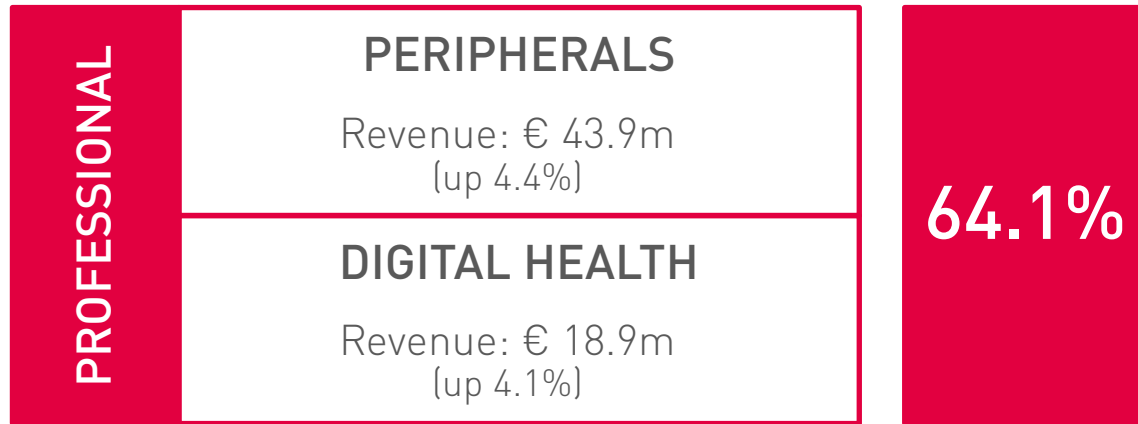


Corsair K100 AIR Wireless



# PROFESSIONAL BUSINESS SHARE CONTINUES TO GROW 9M/2022

Peripherals growth based on expansion of sales channels in B-2-B and B-2-C (eCommerce)



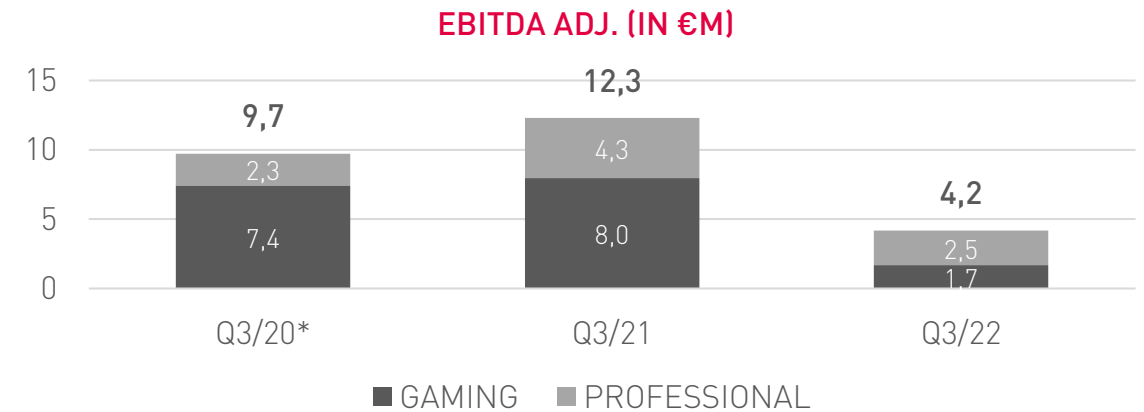
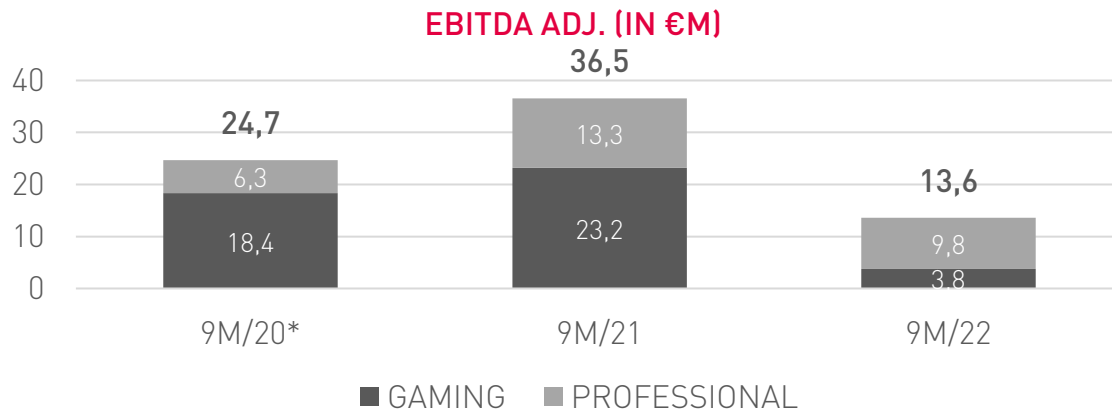
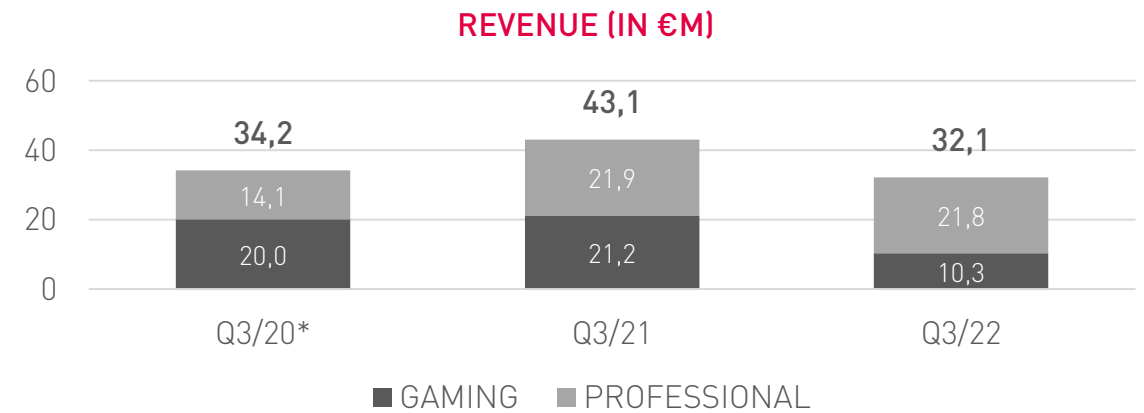
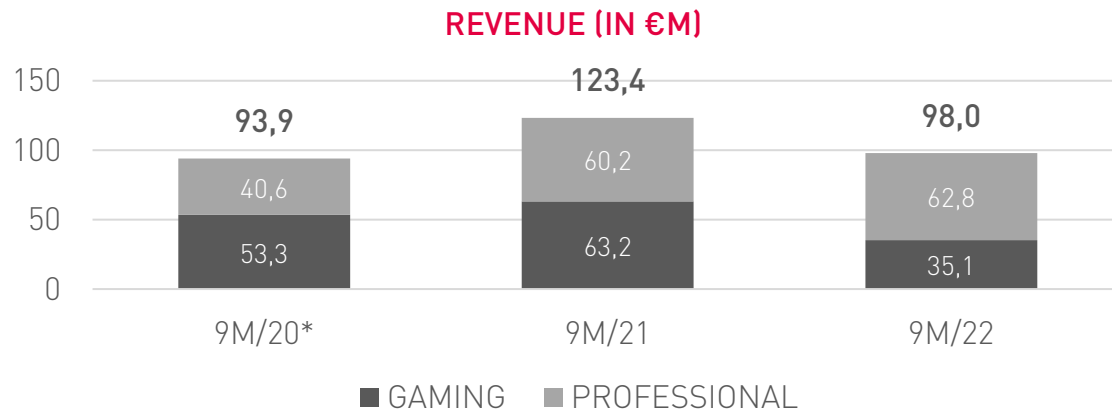


# PERFORMANCE 9M/Q3 2022 OVERVIEW

in €m/ as indicated	9M/22	9M/21	Δ		Q3/22	Q3/21	Δ
Revenue	98.0	123.4	-20.6%		32.1	43.1	-25.4%
Gross profit	31.3	50.8	-38.5%		10.4	17.7	-41.0%
Gross profit margin in %	31.9%	41.2%	-9.3pp.		32.5%	41.1%	-8.6pp.
EBITDA	11.7	31.1	-62.4%		3.5	12.2	-71.3%
EBITDA margin in %	11.9%	25.2%	-13.3pp.		10.9%	28.3%	-17.4pp.
EBITDA (adj.)	13.6	36.5	-62.7%		4.2	12.3	-65.9%
EBITDA margin (adj.) in %	13.9%	29.6%	-15.7pp.		13.0%	28.6%	-15.6pp.
EBIT	0.2	20.1	-99.2%		-0.3	8.4	-103.0%
EBIT margin in %	0.2%	16.3%	-16.1pp.		-0.8%	19.5%	-20.3pp.
EBIT (adj.)	2.1	25.6	-91.9%		0.4	8.5	-95.2%
EBIT margin (adj.) in %	2.1%	20.7%	-18.6pp.		1.3%	19.8%	-18.5pp.

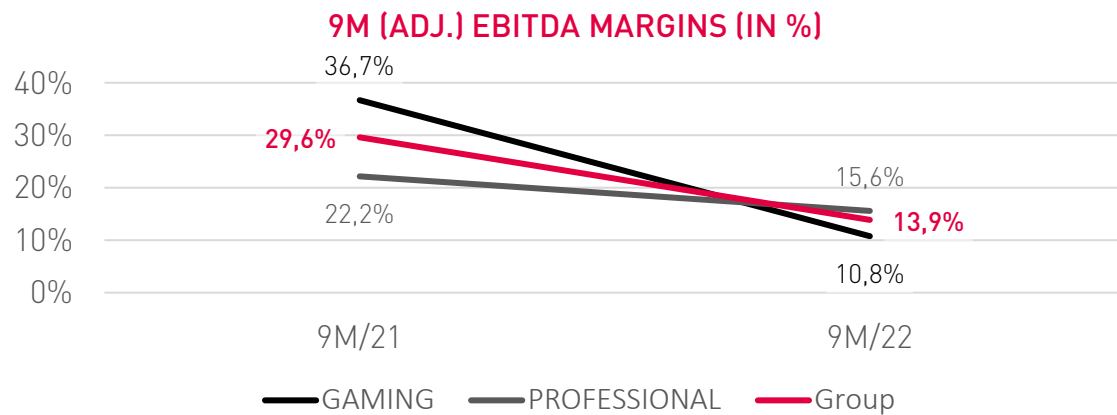
# FINANCIAL PERFORMANCE OF BUSINESS AREAS

Short term effects of cyclical downturn and changes in product mix on revenue and profitability



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

# PROFITABILITY OF BUSINESS AREAS BURDENED IN SHORT TERM



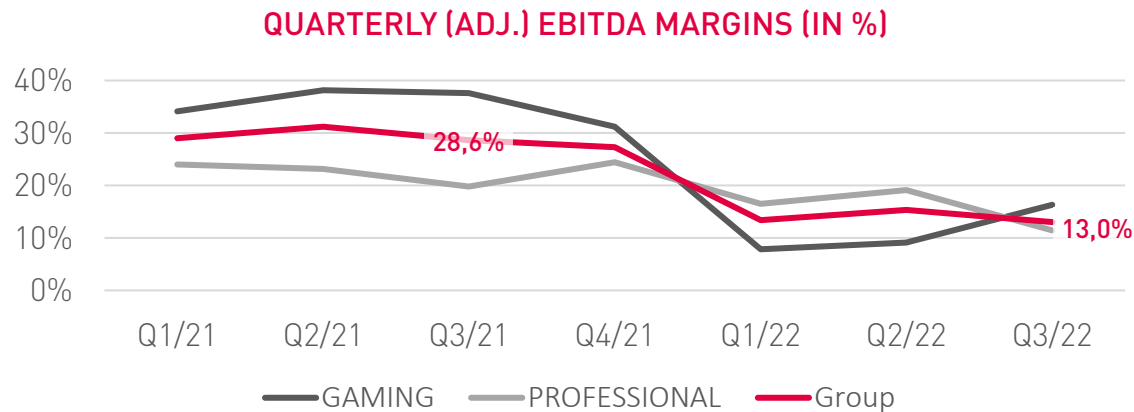
## 13.9% GROUP EBITDA MARGIN (ADJ.) IN 9M 2022

- 15.6% PROFESSIONAL EBITDA margin (adj.) influenced by:
  - e-Commerce expansion incl. higher marketing expenses and expansion of sales staff
  - Increased prices for raw materials incl. FX effects

- 10.8% GAMING EBITDA margin (adj.) influenced by:

- Lower capacity utilization
- Disruptions in global supply chains
- Current trend towards smaller gaming keyboards

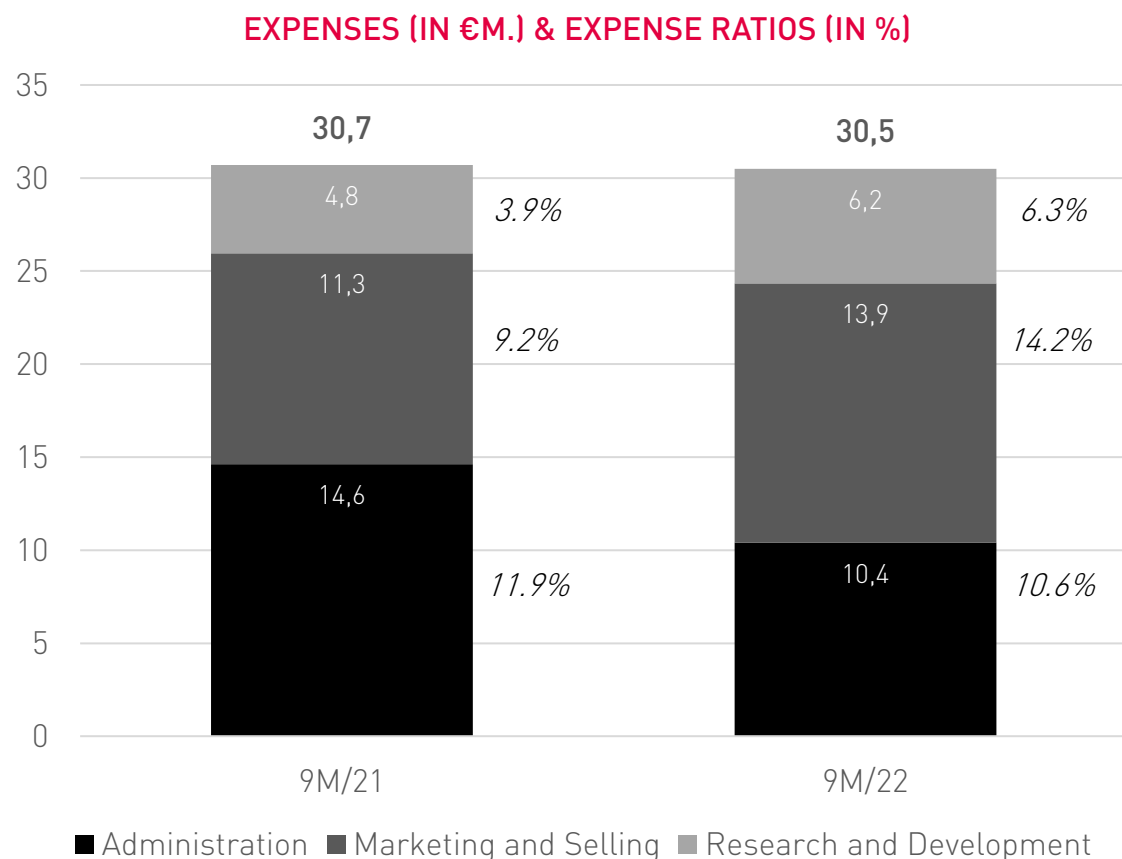
- Reduction of personnel capacities in Auerbach will improve profitability in GAMING business going forward





# OPEX MANAGEMENT ENABLES CONTINUATION OF GROWTH PATH

Marketing & selling expenses support peripherals growth while Administration costs are down



## Research and Development

- Expansion and innovation of product portfolio continued to create future high-running products
- Higher personnel costs and depreciation of capitalized R&D expenses from previous periods

## Marketing and Selling expenses

- Further implementation costs of e-Commerce strategy (marketing, consulting and personnel costs)
- Higher personnel expenses for onboarding new sales staff
- Reclassification of MDF to revenue deductions EUR -1.2m

## Administration expenses

- Cost reduction mainly based on IPO-related one-off costs in 2021

# STRONG FINANCIAL POSITION AS OF SEPTEMBER 30, 2022

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## TOTAL ASSETS OF EUR 414.1M AS OF SEPTEMBER 30

- 🍷 Strong cash position of EUR 91.3m enables further implementation of organic growth and M&A strategy
- 🍷 650,212 own shares as of September 30, 2022, available for M&A activity
- 🍷 Net cash is EUR 27.1m
- 🍷 High inventory level of EUR 63.4m due to strategic build-up for office peripherals and eHealth Terminals, reduced demand for MX Switches and increase in standard prices due to higher material and logistics costs
- 🍷 Equity ratio of 70.4% shows solid balance sheet structure
- 🍷 Net working capital\* of EUR 49.7m mainly reflects build-up of inventories

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

# CASH FLOW 9M 2022

In €m/ as indicated	9M/22	9M/21	+/-
Net result	-0,7	3,5	-4,2
Depreciation, amortization and write-downs (+) on fixed assets	11,5	11,0	0,5
Increase (+) / decrease (-) in provisions	-0,2	2,4	-2,6
Other non-cash expenses (+) / income (-)	1,4	4,3	-2,9
Increase (-) / decrease (+) in inventories, trade receivables/ liabs, other assets	-13,3	-17,6	4,3
Net of interest expenses and interest paid (+/-)	0,0	0,2	-0,2
Net of tax expenses and income tax paid (+/-)	0,5	-2,3	2,8
<b>Cash flows from operating activities</b>	<b>-0,8</b>	<b>1,5</b>	<b>-2,3</b>
Cash paid (-) for investments in property, plant and equipment	-4,9	-4,7	-0,2
Cash paid (-) for investments in intangible assets	-2,8	-1,9	-0,9
Cash paid (-) for the purchase of consolidated companies	-1,6	-3,3	1,7
<b>Cash flows from investing activities</b>	<b>-9,3</b>	<b>-9,9</b>	<b>0,6</b>
Cash received (+) from equity contributions	0,0	137,7	-137,7
Cash paid (-) for share buyback program (21) and capital procurement costs (22)	-5,3	-6,3	1,0
Cash paid (-) for other current financial liabilities (IFRS 16 leases)	-2,8	-2,9	0,1
Cash paid (-) for the repayment of (financial) loans	-0,5	-80,1	79,6
<b>Cash flows from financing activities</b>	<b>-8,6</b>	<b>48,4</b>	<b>-57,0</b>
<b>Cash-relevant change in cash and cash equivalents</b>	<b>-18,7</b>	<b>40,0</b>	<b>-58,7</b>
Changes in cash and cash equivalents due to changes in exchange rates	0,3	0,5	-0,2
Cash and cash equivalents at beginning of period	109,7	22,9	86,8
Cash and cash equivalents at end of period	91,3	63,4	27,9

## OPERATING CASH FLOW IMPACTED BY:

- Net loss vs. net profit in previous year
- Build-up of inventory

## INVESTING CASH FLOW

- Increase of capitalized development costs for new products
- Last instalment for Active Key

## Financing Cash Flow

- Share Buy Back program 2022
- Proceeds from the IPO and early repayment of bank loan in 2021



# CURRENT FORECAST FOR 2022 UPDATED – FURTHER OUTLOOK

Original forecast updated as of July 18, 2022, and as of Nov. 7, 2022

IN €M/ AS INDICATED	FY 2021	FORECAST FY 2022		
		AS OF MAR. 31	AS OF JUL. 18	AS OF NOV. 7
Revenue	168.5	170 – 190	150 – 170	130 – 140
EBITDA margin (adj.)	29.0%	23 to 26%	14 to 19%	13 to 15%

## CURRENT FORECAST BASED ON:

- Accelerating global slowdown in economic growth
- Rising inflation as a result of the Ukraine war
- Ongoing supply chain disruptions as a result of the lockdowns in China
- High inventory levels at customers and distributors
- Decline in demand for certain mechanical keyboard switches

## FURTHER OUTLOOK

- GAMING**  
Strong decline in revenue (previously: slight increase)
- PROFESSIONAL**  
8-10% revenue growth  
(previously low double digit range growth)
- Profitability impacted by:**
  - Shift in product mix within the Group
  - Lower capacity utilization
  - General price increases for COGS
  - Start-up and implementation costs for eCommerce

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# APPENDIX



# RECONCILIATION TO ALTERNATIVE PERFORMANCE MEASURES (ESMA)

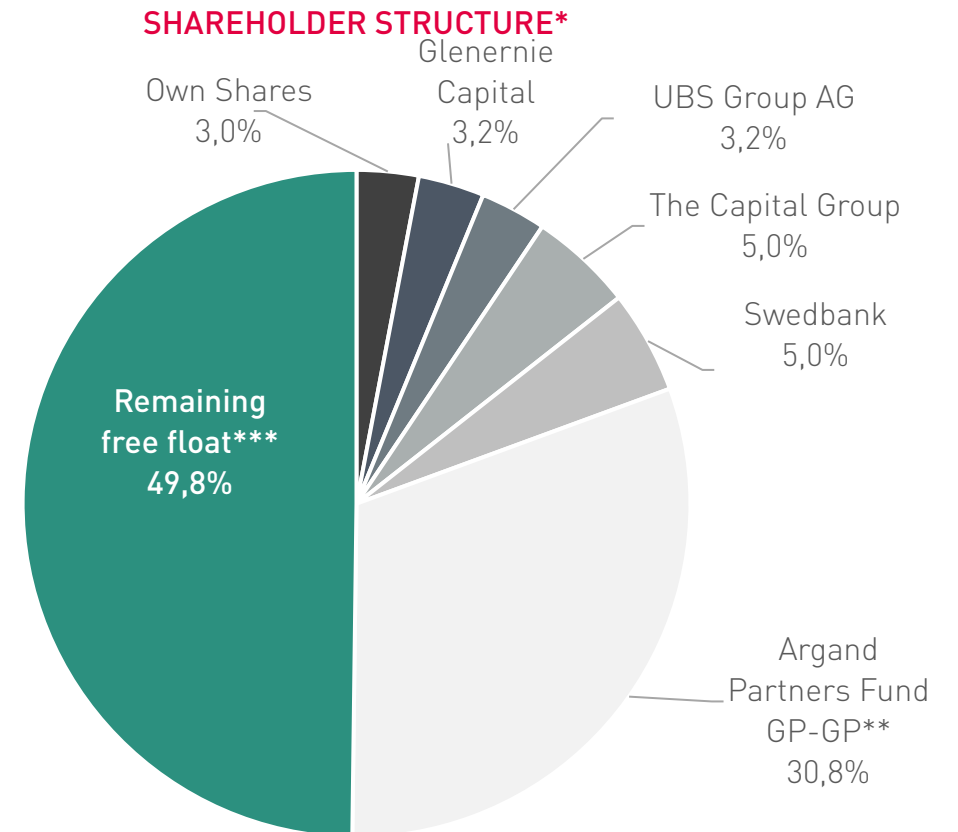
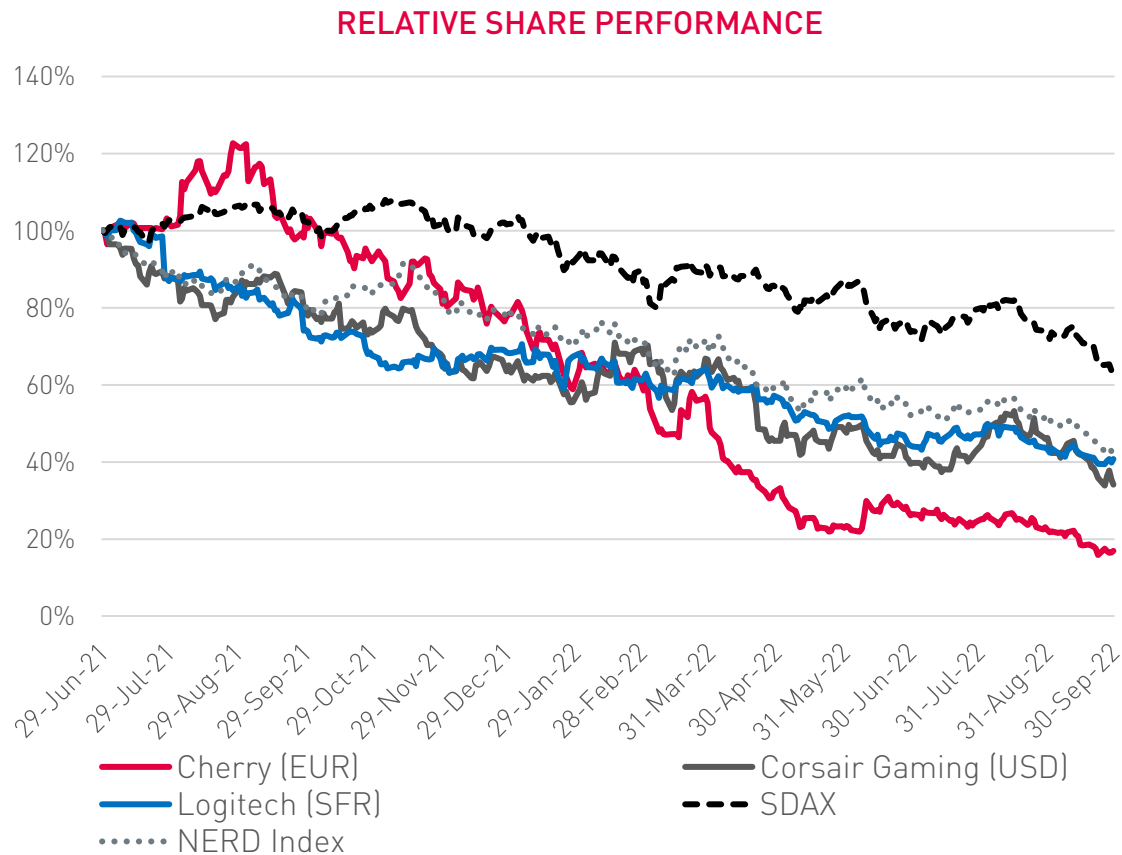
IN € MILLION	9M 2022	9M 2021
Group net profit/loss	-0.7	3.5
- Income taxes	-0.5	2.9
- Financial result	1.3	13.7
<b>EBIT</b>	<b>0.2</b>	<b>20.1</b>
+/- Staff expenses (incl. share-based personnel expenses) / (income)	0.5	3.7
+ Expenses related to capital market transactions	-	0.9
+ Expenses related to M&A transactions	0.4	0.8
+ Other non-recurring expenses	1.0	0.1
<i>Total operating result adjustments</i>	<i>1.9</i>	<i>5.5</i>
<b>Adjusted EBIT</b>	<b>2.1</b>	<b>25.6</b>

IN € 000	9M 2022	9M 2021
Adjusted EBIT	2.1	25.6
+ Depreciation, amortization and impairment losses*	11.5	11.0
<b>Adjusted EBITDA</b>	<b>13.6</b>	<b>36.5</b>
EBIT	0.2	20.1
+ Depreciation, amortization and impairment losses*	11.5	11.0
<b>EBITDA</b>	<b>11.7</b>	<b>31.1</b>

\* Including depreciation and amortization of acquired order book.



# RELATIVE SHARE PERFORMANCE & CURRENT SHAREHOLDER STRUCTURE



\* Information is based on voting rights notifications pursuant to Art. 40, Para. 1 of the German Securities Trading Act (WpHG).

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

\*\*\* Includes 3.2% held directly and indirectly by the members of the Management Board.

# CHERRY SHARE BUY BACK 2022

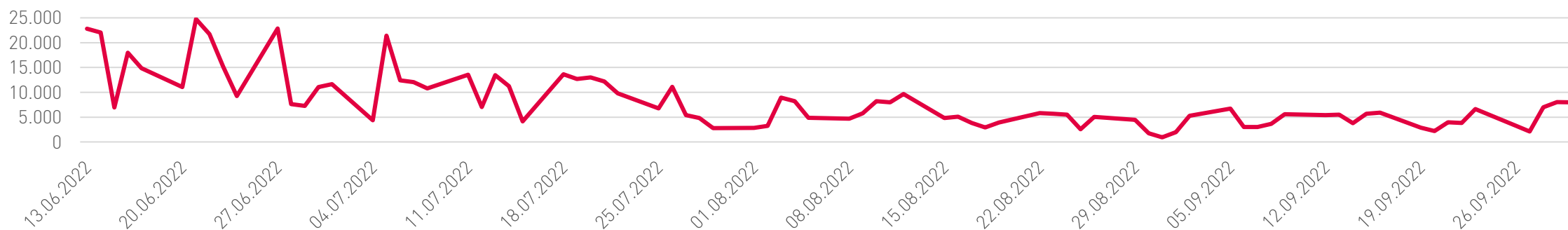
## OVERVIEW

- 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.

## STATUS AS OF SEPTEMBER 30, 2022

Date	No. of shares purchased	Average price (in €)	Purchased volume (in €)
SUBTOTAL Q2	215,318	9.0457	1,947,711.29
SUBTOTAL Q3	434,894	7.5458	3,281,642.40
<b>Cumulated</b>	<b>650,212</b>	<b>8.0425</b>	<b>5,229,353.70</b>

## NO. OF SHARES REPURCHASED



# FINANCIAL CALENDAR 2022/23\*

Date	Event
November 16, 2022	Münchener Kapitalmarkt Konferenz, Munich
November 18, 2022	M.M. Warburg – Meet the Future Conference
November 28 – 30, 2022	Eigenkapitalforum, Frankfurt am Main
January 5-6, 2023	ODDO BHF Forum, Lyon
February 8, 2023	Hamburger Investorentag, Hamburg
March 30, 2023	Annual Report 2022 (Consolidated Financial Statements FY 2022)
May 15, 2023	Interim Financial Statement Q1 2023
May 15, 2023	Equity Forum, Frankfurt am Main
May 17, 2023	Annual General Meeting
August 10, 2023	Half-year report 2023
November 15, 2023	Interim Financial Statement Q3/9M 2023
November 15/16, 2023	Münchener Kapitalmarkt Konferenz, Munich

\* Expected dates.



# FORWARD LOOKING STATEMENTS

## Disclaimer

This presentation contains forward-looking statements. These statements are based on the current views, expectations and assumptions of the management of Cherry AG and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those described herein due to factors affecting Cherry AG such as, among other things, changes in the general economic and competitive environment, capital market risks, currency exchange rate fluctuations and competition from other companies, and changes in international and national laws and regulations, in particular with respect to tax laws and regulations. Cherry AG does not assume any obligation to update any forward-looking statements.

The information contained in this presentation is for background purposes only and does not purport to be full or complete. No reliance may be placed, for any purpose, on the information contained in this announcement or its accuracy or completeness. The information in this presentation is subject to change.

## Market & Industry Data

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

Cherry AG  
Dr. Kai Holtmann | Head of Investor Relations

Einsteinstrasse 174 | Bogenhausen 81677 München, Deutschland

E-Mail [kai.holtmann@cherry.de](mailto:kai.holtmann@cherry.de)

Tel. +49 175 1971503

Fax +49 9643 20 61 900

Internet <https://ir.cherry.de/de/>

