



# CHERRY SE

## Q3/9M 2024 PRELIMINARY FINANCIALS

MUNICH, 24 OCTOBER 2024



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## **GENERAL REMARK**

Figures may not add up due to rounding.



Q3/9M 2024 OVERVIEW  
CEO OLIVER KALTNER

# IN Q3 WE MISSED OUR OWN EXPECTATIONS



GOP too dependent on Germany

Lackluster corporates and consumer spending

Inadequate market assessment and insufficient channel management

Components hit by weak notebook market

Order delays in Components



EUR 13 m revenue shortfall

Adj. EBITDA margin negative instead of 5-6%

EUR 6 m cash burnt in the quarter

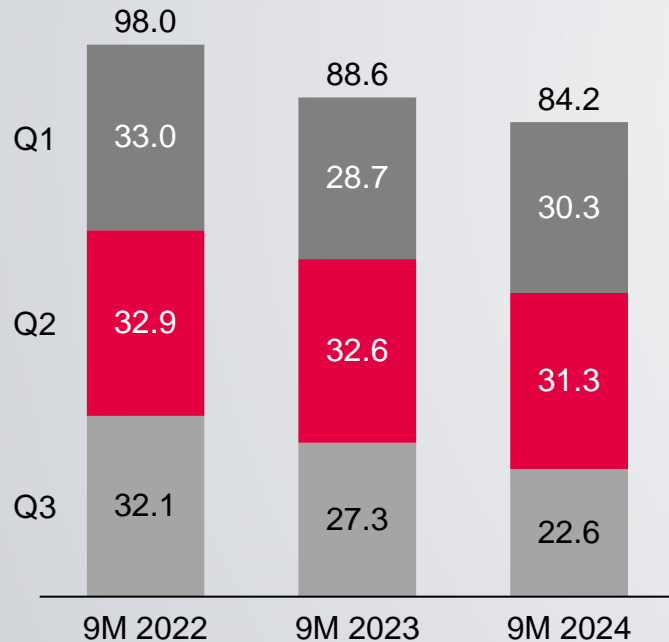


Q3/9M 2024 FINANCIALS  
EVP FINANCE & IT VOLKER CHRIST

# Q3 P&L HIT BY MARKET UNCERTAINTIES

## 9M REVENUE

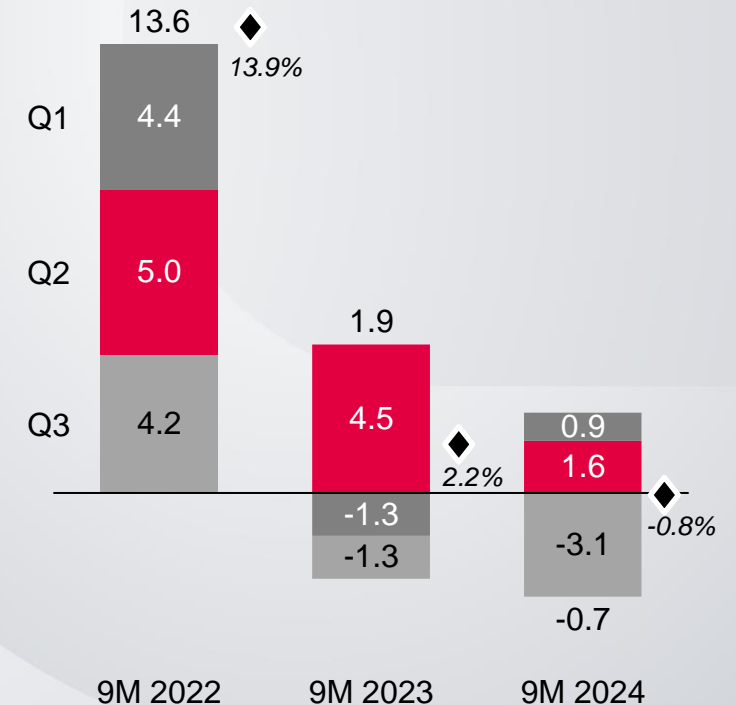
(IN EUR M)



- 9M revenue at EUR 84m
- Q3 revenue miss from GOP and Components
- Resulting EUR 6m gross profit hit led to impaired fixed cost coverage
- 9M adj. EBITDA at EUR -0.7m
- Q3 adj. EBITDA at EUR -3.1m instead on EUR 2m targeted

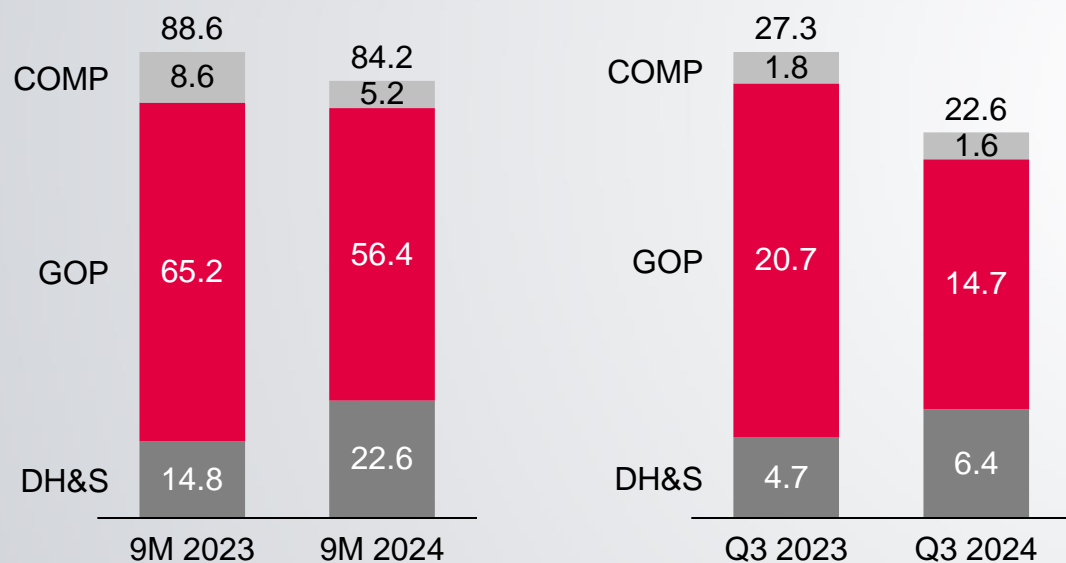
## 9M ADJ. EBITDA

(IN EUR M; MGN. IN %)

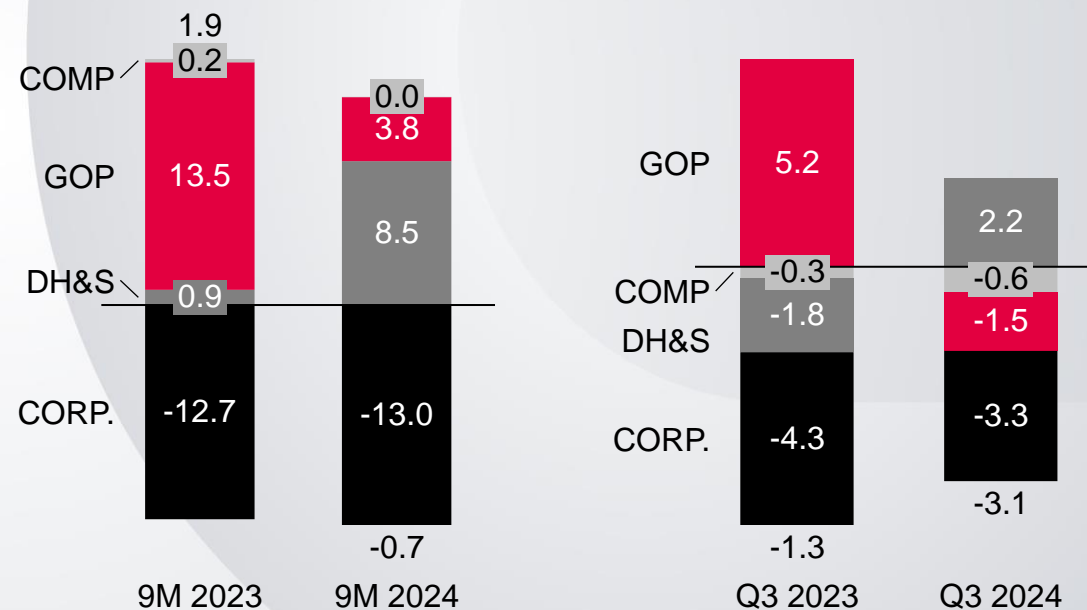


# Q3 REVENUE AND ADJ. EBITDA SPLIT

REVENUE SPLIT (IN EUR M)

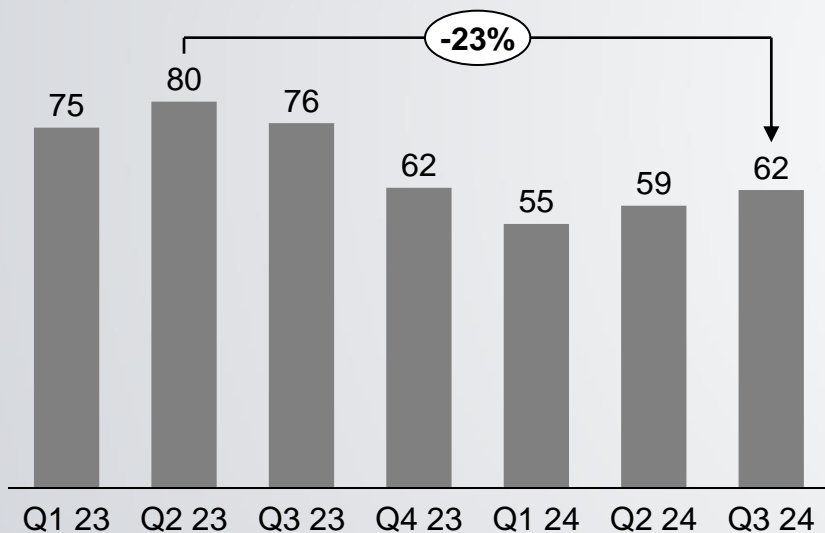


ADJ. EBITDA SPLIT (IN EUR M)

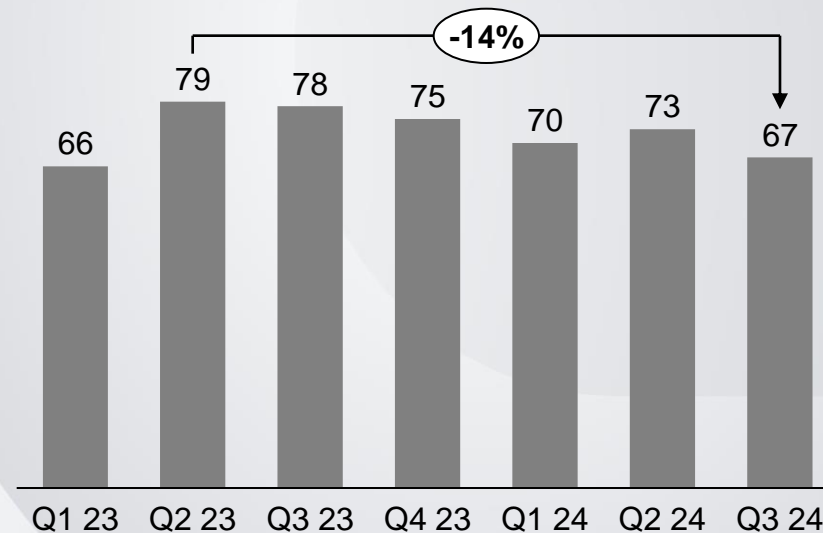


# INVENTORY MANAGEMENT

**INVENTORIES** (in EUR m)



**TRADE WORKING CAPITAL\*** (in EUR m)



\* Inventories + Trade Receivables ./ Trade Payables





DIVISIONAL UPDATE  
COO DR. UDO STRELLER

# GOP – STREAMLINING OF DISTRIBUTION VIA CLEAN-UP AND RAMP-UP

## WEAK Q3 REVENUE:

- Germany in recession
- Negative consumer sentiment leads to reluctance to buy peripherals
- Sell-in at reasonable margin hardly possible

## RESTRUCTURING OF THE DIVISION:

- GOP head left company; successor to follow as of Jan 2025
- Europe sales team reorganized
- Stronger focus on B2C
- New deal-term and margin model
- New electronic retailer partners

## GOP TASK FORCE TO EXECUTE ACTION PLAN:

- Relationship scorecard
- Synchronization of channels
- Revision of tender list
- Product shift from distributors to retailers and system-houses

## DRYING UP OF THE GREY MARKET:

- Supported by Tier 1 distributors
- Buy back product from the gray market
- Reduction of price dumping and volatility
- Sell-in at list price with higher average margin

## CLOSE COOPERATION WITH DISTRIBUTORS ON CEO AND OP. LEVEL:

- Joint workshops
- Clear channels by end of November to foster new orders
- Selective discussions on exclusive products
- Push business in core European countries

## ACCELERATE DISTRIBUTION TO NON-DACH MARKETS:

- European core markets France, UK, Italy Spain, Portugal, Nordics
- Deemphasize Germany

# COMPONENTS – COST REDUCTION IN FULL EXECUTION

## China Operation update

- Samples already at major KB manufacturers
- Production at full capacity
- New MX2A toolings and plastic released for production in China since Sep
- Tooling and design improvements increased quality further and reduced manufacturing costs

## Delayed order prepayment

- 50% received
- goods shipped at beginning of October
- Remainder to be collected and shipped in November

## R&D Pipeline

- Designs for new key switch technologies finished and filed for patent

## Major Q3 events with CHERRY participation

- China Joy, Shanghai
- Gamescom, Cologne

# DH&S - CERTIFICATION MILESTONES

## MILESTONE SMARTLINK OFFERING:

- “Cardlink” product and provider certification started in Q3
- Product certification obtained on Oct 14<sup>th</sup>
- provider certification expected early November

## MILESTONE TI-M OFFERING:

- TI Messenger product and provider certification started in Q3 with partner Awesome Technologies
- Product certification obtained Oct 10<sup>th</sup>
- Provider certification expected early November

## TERMINAL SALES:

- Continued high market share of >70%
- Market demand lower than Q1/Q2 as ePrescription driven demand largely addressed
- Rising new demand from new TI care provider groups

## HYGIENE KEYBOARDS AND MICE:

- Solid demand sell-out in Q3 as expected in Europe
- First larger orders received in North America

## EMBEDDED SOLUTIONS:

- ISO 9001:2015 passed: no major or minor non-conformities (NCs)
- Development of inductive key switch (IKS)
- Capra Robotics (DK) field tests with Cherry single board computer

## STRUCTURAL SIMPLIFICATION:

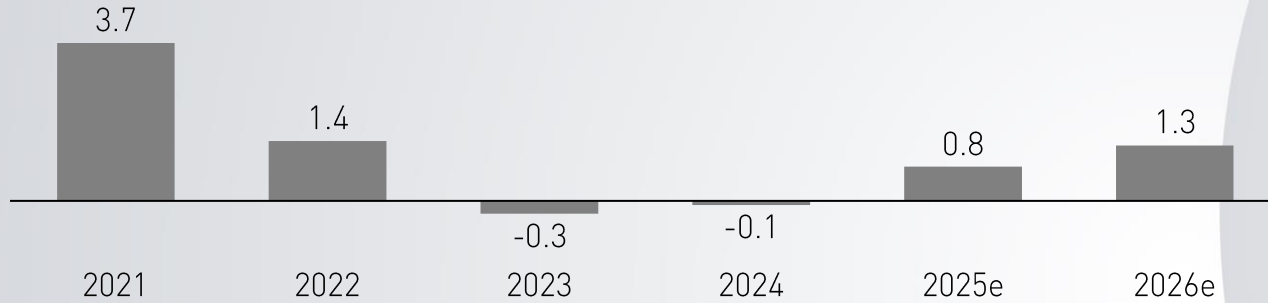
- Upstream merger of Active Key GmbH into Cherry Digital Health GmbH completed



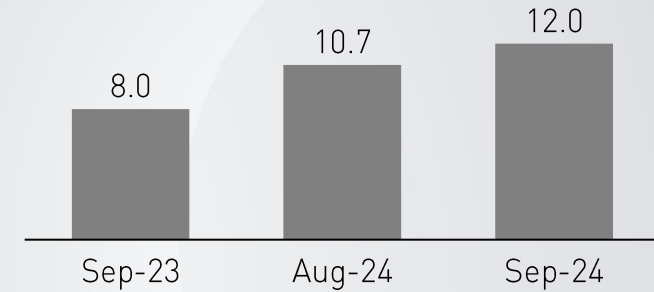
OUTLOOK  
CEO OLIVER KALTNER

# TOUGH MARKET ENVIRONMENT

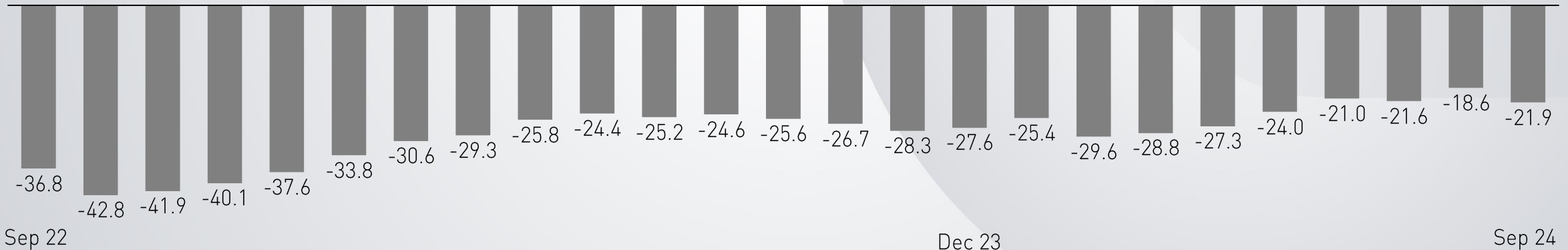
GERMAN GDP\* EXPECTED TO SHRINK IN 2024 (in %)



INCREASING SAVINGS RATIO (in %)

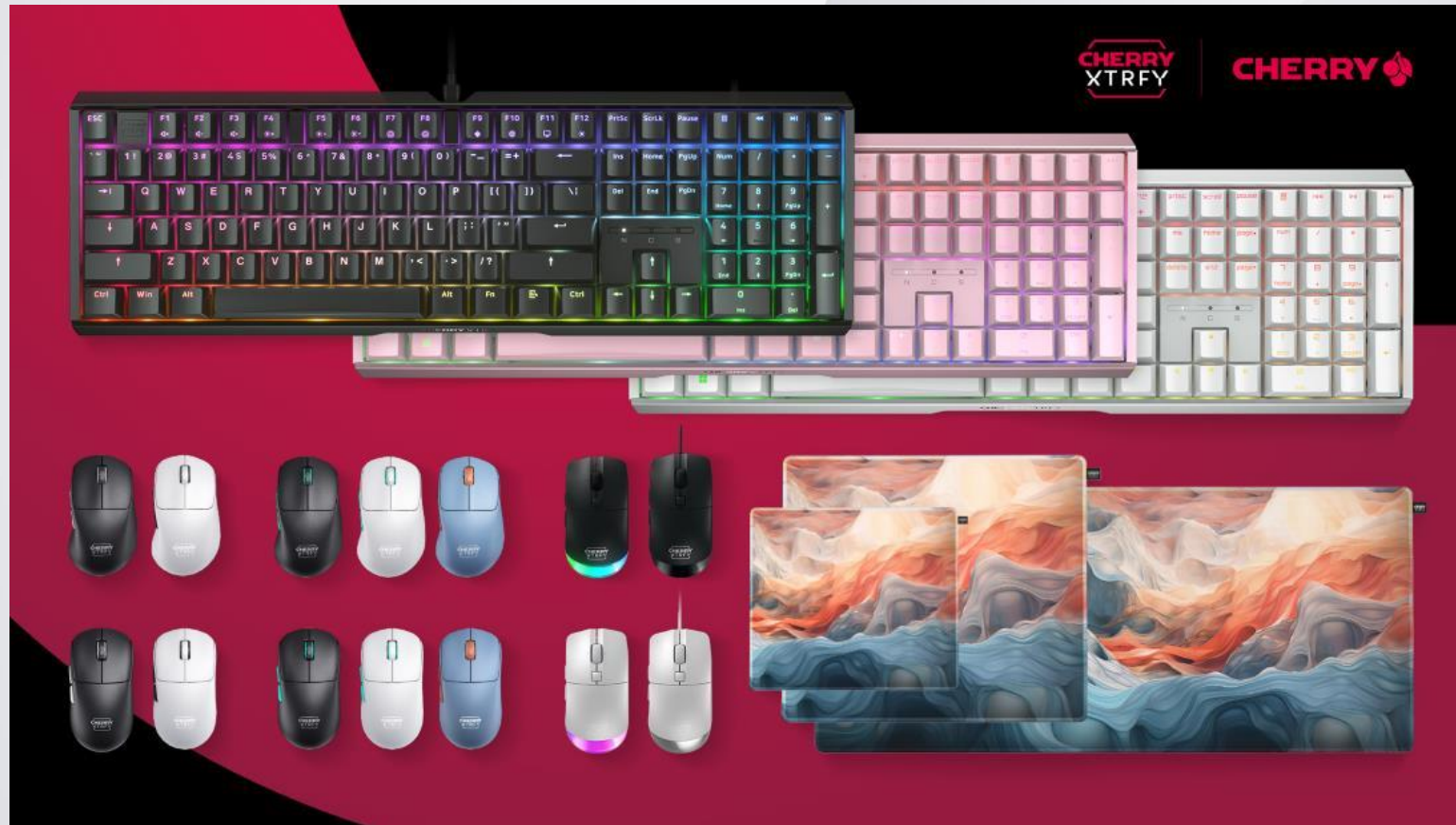


CONSUMER CONFIDENCE\*\* IMPACTED BY OVERALL MARKET UNCERTAINTY



\* Statista on 27 Sep 2024: Average forecast of leading economic research institutes; \*\* GfK in Sep 2024

# GAMING PRODUCT LAUNCHES AT GAMESCOM



# NEW RETAIL PRESENCE AS OF Q4 2024



CURRYS UK





# RED BULL GAMING GARDEN SPONSORSHIP



**NEW E-SPORTS HOTSPOT AT SAP GARDEN IN MUNICH TO BE EQUIPPED WITH XTRFY PERIPHERALS  
... LOCATED UNDER CHERRY BLOSSOM TREES**

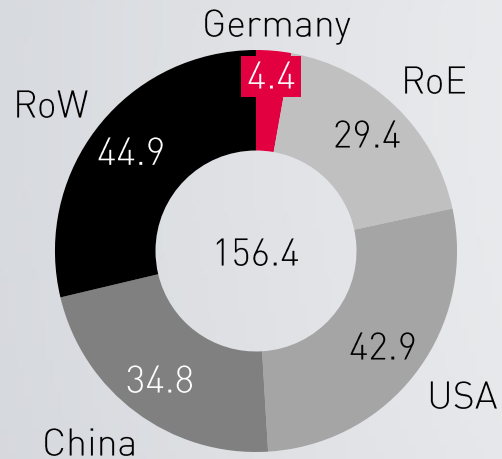
# ANALOG KEYSWITCH ENTERING THE MARKET

- Global Notebook market not yet recovering, thus limiting demand for ULP Notebook switches
- Analog keyswitch solutions increasingly gaining market share. MX-Multipoint announced at Computex in June 2024 and entered the market in Q3 2024. Further analog CHERRY solutions available in H1 25
- Mechanical keyswitch market still challenging with Chinese competition fighting over 0.1 cent cost differences
- Low Profile switches gaining more and more traction in the desktop market. MX LP 2.0 production just started

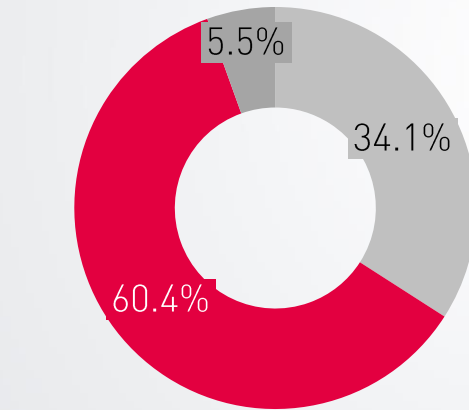


# DIGITAL HEALTHCARE SOLUTIONS GLOBALLY ON THE RISE

## GLOBAL DIGITAL HEALTH MARKET



(in EUR bn)



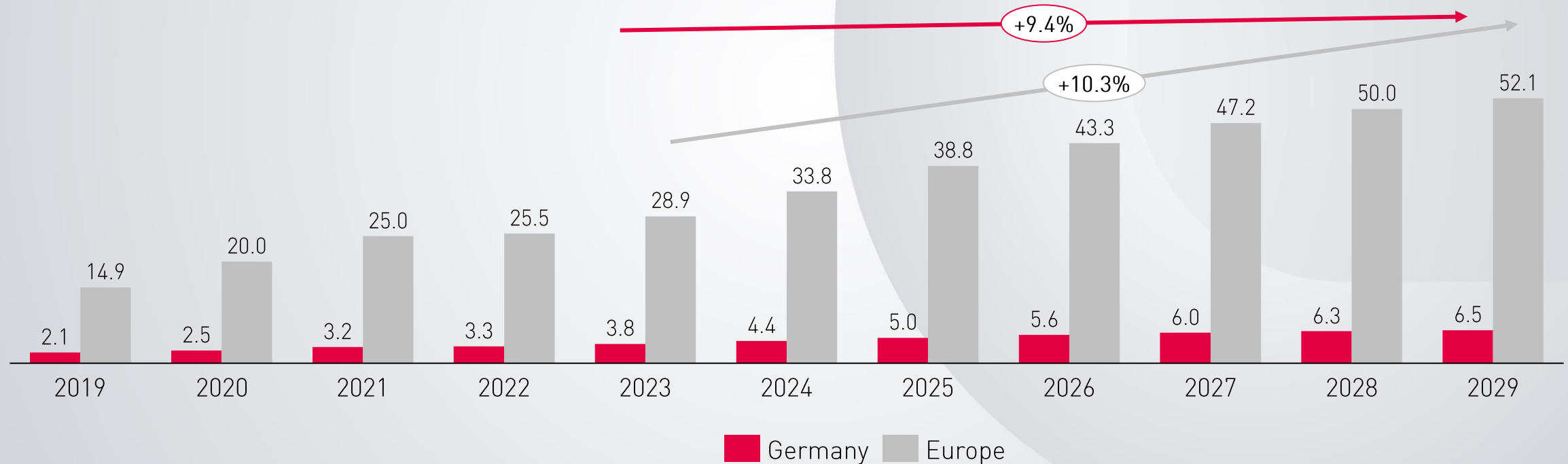
- Digital Fitness & Wellbeing
- Digital Treatment & Care
- Online Doctor Consultations

**98 %**  
of German medical  
practices connected  
to TI

**6 – 8**  
Digital medical  
consultations p.a.  
per average  
German

# DIGITAL HEALTH MARKET TO GROW C. 10% P.A. UNTIL THE END OF THE DECADE

## DIGITAL HEALTH MARKET REVENUE EUROPE AND GERMANY (in EUR bn)



# DIGITAL HEALTH – ROLL-OUT OF NEW SERVICES

FROM MARKET LEADING POSITION IN EHEALTH TERMINALS TO COMPLEMENTING NEW SW & SERVICE OFFERINGS

## CURRENT PRODUCTS



## TMS

- Terminal Management System for remote device management
- Broad roll-out in Q4 24 after successful pilot in Q3

➔ **Additional services**  
(pre-staging, TI-M, ..)



## SmartLink

- Virtualized patient authentication service
- Product certification basis for provider certification, expected for Nov 24

# EUR 3.5M COST CUTTING PROGRAM INITIATED



C. EUR 3.5 M TO  
BE SAVED SEP  
TO DEC 2024



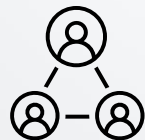
MARKETING



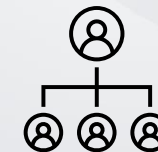
SERVICES



IT PROJECTS



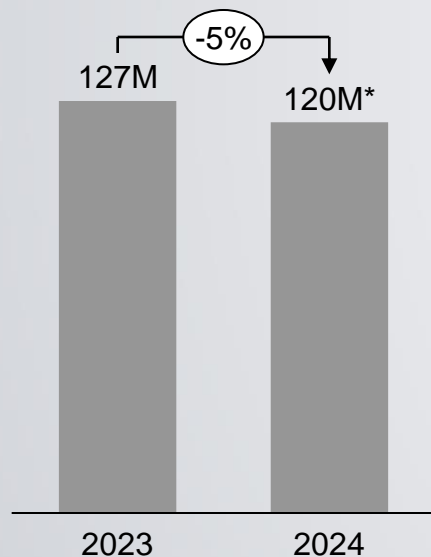
HR WORKSHOPS



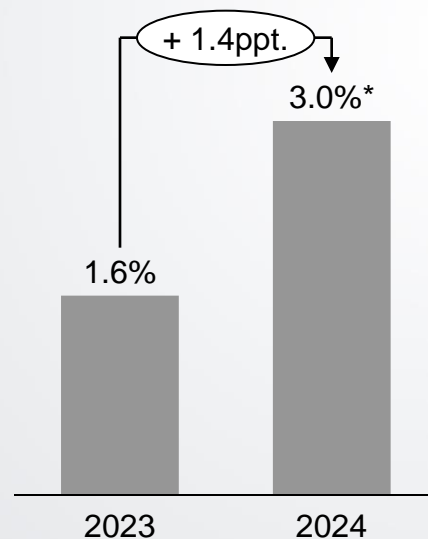
HIRING FREEZE

# FY 2024 FORECAST

**2024 REVENUES\***  
C. EUR 120M



**2024 ADJ. EBITDA\***  
MGN. OF C. 3%



\* Revised from a revenue range of EUR 140 – 150 m and an adj. EBITDA margin range of 7 – 8% previously



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