ANNUAL REPORT

AR/2024

CHERRY

KEY GROUP FIGURES (IFRS)

€ million / as reported	Jan. 1-Dec. 31, 2024	Jan. 1-Dec. 31, 2023	Change
Revenue	110.4	126.5	-12.7%
thereof GAMING & OFFICE PERIPHERALS	72.6	92.6	-21.6%
thereof DIGITAL HEALTH & SOLUTIONS	30.5	23.0	32.3%
thereof COMPONENTS	7.4	10.9	-31.8%
Gross profit	23.9	2.7	791.3%
Gross profit margin	21.7%	2.1%	19.6 pp
EBITDA	-11.6	-10.3	-13.0%
EBITDA (adjusted)[1]	-7.0	2.1	-437.0%
EBITDA margin	-10.5%	-8.1%	-2.4 pp
EBITDA margin (adjusted)[1]	-6.3%	1.6%	-7.9 pp
EBIT	-44.1	-131.1	66.3%
EBIT (adjusted)[1]	-15.8	-13.3	-19.2%
Group net loss	-45.5	-126.9	64.1%
Earnings per share (in €)	-1.96	-5.45	64.0%
Cash flows from operating activities	2.8	-27.9	110.2%
Cash flows from investing activities	-9.1	-10.8	15.7%
Free cash flow	-6.2	-38.7	83.9%

€ million / as reported	Dec. 31, 2024	Dec. 31, 2023	Change
Total assets	168.1	238.6	-29.5%
Cash and cash equivalents	16.4	46.1	-64.4%
Net working capital[2]	40.2	55.9	-28.1%
Equity	77.5	122.1	-36.5%
Equity ratio	46.1%	51.2%	-5.1 pp
Net cash I (+) / net debt I (-)[3]	-10.0	0.9	-1211.1%
Net cash II (+) / net debt II (-)[4]	-27.1	-19.7	-37.6%
Employees[5]	412	476	-13.4%
Employees (FTEs)	372	444	-16.2%

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.

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
Xetra closing price as of December 31, 2024	€ 1.14
Market capitalization as of December 31, 2024	€ 26.3 million

CONTENT

FOREWORD BY THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,

The 2024 fiscal year was another year of intense change for Cherry SE in a challenging and difficult environment. Despite considerable efforts initiated as part of our transformation program and implemented over the course of the year, revenue and earnings remained well below our expectations. Nevertheless, we took decisive steps in 2024 to position Cherry for long-term future success and profitability. Our focus was on stabilizing profitability, improving our cost structure, strengthening our liquidity, and sharpening our market position in all business segments.

The overall economic situation in our key regions remained burdened by uncertainty. Germany, our largest single market, entered its second year of recession. The resulting consumer restraint had a particularly negative impact on the Gaming & Office Peripherals segment, while additional geopolitical uncertainties further exacerbated the situation. The risks associated with international shipping in the Red Sea and the rush for container capacity in the run-up to the US election also placed an additional strain on our export business in the reporting year.

Against this backdrop, Cherry SE recorded consolidated revenue of EUR 110.4 million and an adjusted EBITDA margin of -6.3% in the past fiscal year. This means that we fell short of our most recent forecast, which was adjusted in October 2024. While the results reflect the disappointing market development, it is clear from other areas that the measures we have introduced are having an effect: Tight working capital management and the successful implementation of a cost-saving program led to an increase in free cash flow to around EUR 7.8 million in the fourth quarter, representing a year-on-year increase of over 140%.

Despite the challenges mentioned above, we began the strategic realignment of the Cherry Group in 2024 and have already successfully implemented a number of measures. In the past fiscal year, the production of MX2 keyboard switches for use in Cherry partner products was transferred to a Chinese contract manufacturer, which will lead to significant cost advantages in the Components segment in the future. In addition, we have implemented a new, leaner management and organizational structure with effect from 1 January 2025, which will focus the company more strongly on future growth and profitability. The centralization of product management, sales and marketing for the Components and Peripherals divisions will enable synergy effects in these functions to be better exploited with immediate effect. The integration of Components under a central management unit will increase efficiency in the future. The Digital Health & Solutions segment will continue to focus on intensively driving forward the development of digital health solutions. With the realignment of its sales network and the streamlining of the Group structure already initiated through the reduction of companies and the simplification of processes, Cherry SE is better positioned to meet the challenges and growth opportunities ahead.

These far-reaching structural adjustments provide a solid foundation for restoring competitiveness and operating successfully in an increasingly dynamic market environment. However, the company's economic development shows that more far-reaching restructuring measures are needed to return Cherry to sustainable profitability and growth. For this reason, we have developed a comprehensive restructuring plan that will lead to further strategic and structural adjustments in 2025 and 2026.

GAMING & OFFICE PERIPHERALS

The Gaming & Office Peripherals segment was hit by noticeable declines in revenue in 2024. Despite falling inflation and moderate real wage increases, ongoing economic uncertainty in Europe led to higher savings rates. This had a significant negative impact on the GOP segment, as demand for peripheral devices declined accordingly.

Another important factor was the strategic decision to reduce sell-in activities in the second half of 2024 in order to clean up the grey market in the DACH region and secure a stable price structure. Although this measure led to a decline in sales in the short term, it was necessary to ensure a healthy margin structure and maintain price transparency in the long term. By curtailing sell-in, we wanted to counteract price dilution and establish a sustainable market strategy. We have already seen the positive effects of this decision in the fourth quarter: the average end customer prices for our core products were more than 50% higher than in the same period of the previous year.

In addition, we have significantly strengthened our international sales structure. In the United Kingdom, we succeeded in listing our Cherry XTRFY products in over 160 stores of the Currys chain. In Europe, our products were placed in 170 MediaMarkt stores. At the same time, we recorded stable sales growth in e-commerce, particularly via Amazon. Our activities in the APAC region and North America were specifically strengthened.

In terms of products, 2024 was a year of innovation: At Gamescom 2024 and CES 2025, we presented the new CHERRY XTRFY M64 and M68 wireless gaming mice and the new MX 3.1 keyboard, among other things. These products underscore our premium positioning in the gaming sector. The transition to centralized product and sales management and the reduction of the number of different product variants (stock keeping units) by around 50% form the basis for greater efficiency and profitability in this segment in the future.

Despite many challenges, the strategic orientation for the Gaming & Office Peripherals segment remains positive in the long term. The measures taken to regulate the grey market and strengthen price stability lay the foundation for sustainable business development. In combination with planned product innovations and more focused market development, we expect the segment to recover in the long term and emerge stronger from the adjustments.

DIGITAL HEALTH & SOLUTIONS

Digital Health & Solutions was our most profitable and fastest-growing segment in the past fiscal year. It posted significant revenue growth and high profitability, underscoring the successful implementation of the segment's strategic focus.

A key growth factor for the segment is the ongoing digitalization of the healthcare sector, which is being driven by regulatory reforms and increased use of telematics infrastructure. The implementation of e-prescriptions in Germany ensured stable demand for our e-health terminals. We have a market share of around 80% in this area. Despite a temporary slump in demand following the completion of the first wave of e-prescription implementation, business continued to develop steadily. The expansion of our digital service portfolio is particularly promising, for example with the introduction of solutions such as TI Messenger, terminal management software and SmartLink. These products contribute to further digitalization and increased efficiency of the healthcare market and offer new opportunities for further growth.

We recorded further growth in Europe and the USA in the hygienic peripheral devices segment. The integration of Active Key GmbH into Cherry Digital Health GmbH was completed in 2024, contributing to a leaner group structure. This forms a solid foundation for the targeted exploitation of future market opportunities in this segment. Ongoing innovation, a strong product portfolio and the targeted expansion of our service portfolio offer numerous opportunities to benefit from increasing market demands.

COMPONENTS

The Components segment performed weaker than expected due to a challenging market environment. The market environment remained extremely challenging, particularly in the volume business. This continues to be characterized by intense competition, primarily from Chinese suppliers operating with aggressive pricing strategies and very short product life cycles. Delivery delays in the third quarter and the associated production bottlenecks also contributed to the decline in sales. However, we have made strategic adjustments to take account of the changed conditions. The decision to relocate the assembly of MX2 switches for use in Cherry partner products to China has enabled us to improve our cost structure and become more competitive again. Continuous product innovation remains a central component of our strategy. With innovative new models such as the MX Multipoint and MX Silent Clear, we have successfully expanded our portfolio to meet the requirements of gaming and office users. These products help to position Cherry as a technology leader with premium standards. The initial launches of these products with key OEM partners such as Geon Machinery Industrial, Keychron and IKBC represent an important milestone. The growing importance of low-profile switches, especially in the desktop market, is reflected in the successful production of the MX LP 2.0. For 2025, we plan to introduce additional analogue switch solutions to strengthen our market position and return to higher-margin business areas.

OUTLOOK FOR THE 2025 FISCAL YEAR

For the 2025 fiscal year, we expect revenue of EUR 105–120 million with an adjusted EBITDA margin of between 3% and 6%. Due to the continuing macroeconomic uncertainties, the ongoing weakness of the consumer environment in Germany, the increased regulatory requirements in the healthcare sector and the tougher trading conditions in the USA, we are focusing on a robust annual forecast and will refrain from issuing quarterly forecasts until further notice.

We therefore expect our operating business performance to stabilize in the course of 2025. This is based primarily on a comprehensive restructuring plan, which was drawn up in collaboration with an external consultant and has already been implemented, as well as numerous adjustments already made in the fiscal year just ended. These include the implementation of the new corporate structure, the consistent internationalization of our peripheral business, the expansion of our SaaS portfolio in the Digital Health & Solutions segment and the focused OEM strategy in the Components segment.

In the Gaming & Office Peripherals segment, we expect lasting effects from the grey market clean-up completed in the previous year. The stabilization of the price structure and the newly implemented partner program should contribute to improving margins. In addition, targeted new product launches are planned.

In the Digital Health & Solutions segment, we expect additional demand as a result of the mandatory introduction of electronic patient records in Germany and increasing replacement demand in the e-health sector. The expansion of our digital service portfolio, in particular through terminal management software, SmartLink and TI Messenger, remains a key strategic focus.

The Components segment will ensure the availability of its complete product portfolio in the second half of the year. We will implement our focused OEM strategy with a strict focus on profitability, particularly in view of the ongoing competitive pressure in the Asian market.

At the same time, the overall economic environment remains challenging. Political and regulatory decisions, particularly in Germany and the United States, as well as increased requirements for the approval of new products in the healthcare sector, continue to pose potential risks. Consistent cost and liquidity management and disciplined capital allocation remain top priorities.

Cherry is a brand that stands for quality, design, innovation and sustainability. Our products not only offer professional access to the digital world but also create sustainable added value through the combination of hardware, software and cloud-based solutions. We are particularly well positioned to benefit from upcoming developments in the digitalization of healthcare.

We would like to thank all our business partners and shareholders for their trust in supporting the necessary changes and adjustments within the company. These strong partnerships will put us in a good position in 2025 to consistently implement the necessary measures and thus lay the foundation for the positive business development of Cherry SE in the future. Special thanks also go to our employees, whose commitment and innovative strength are making a significant contribution to our successful transformation. With the implementation of a new corporate structure and the consistent internationalization of our business, we are taking the right steps to further exploit the potential of our business areas. Our strategic priorities remain clear: strengthening our peripheral business, expanding our SaaS offerings in the Digital Health & Solutions segment and focusing on profitable OEM partnerships in the Components segment. The challenges in the overall economic environment continue to require strict control of costs and liquidity. Nevertheless, we are confident that with a focused strategy and disciplined capital allocation, we will successfully continue our transformation and achieve sustainable progress in 2025.

Munich, May 27, 2025

Oliver Kaltner
(CEO)

Dr. Udo Streller
(COO)

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

The 2024 fiscal year was shaped by difficult market conditions, particularly in the Gaming & Office Peripherals segment in Germany, where economic recession, weak consumer confidence, and corporate spending significantly restrained demand. Private consumers remained cautious, prioritizing savings over discretionary purchases, while companies delayed investments in office equipment. These challenges required Cherry SE to reassess its business performance and adjust its financial expectations to reflect the evolving market situation.

In response, Cherry already implemented fundamental strategic, structural and procedural changes throughout 2024 to strengthen its market position and drive long-term growth. A key focus was preparing the company for a more efficient and integrated organizational setup starting in 2025. This included realigning the Gaming & Office Peripherals, Components, and Digital Health & Solutions segments to enhance operational efficiency and better address market needs. The Sales & Marketing Peripherals unit was restructured to consolidate all finished products under one business unit, while the Components segment was integrated with centralized product management to improve development and innovation processes. Digital Health & Solutions continues to operate independently in order to maintain its strong market position. At the same time, Cherry optimized its European distribution network with a new "Distribution & Fulfillment" strategy, ensuring smoother logistics and closer collaboration with partners. These measures were carefully planned and executed throughout 2024 to create a foundation for the seamless implementation of the new organizational structure starting January 1, 2025.

Cherry also invested significant effort in restructuring its sales, pricing and margin strategy throughout 2024 to create a more sustainable and partner-focused approach for 2025. A key focus was the transition from a sell-in model to a sell-through and sell-out strategy, ensuring that inventory levels at partners align more closely with actual market demand. As part of this transformation, Cherry redesigned its partner program, introducing the "Pay for Performance" model, which optimizes pricing and margin structures. These efforts lay the groundwork for greater pricing stability, a more predictable revenue stream, and stronger alignment with distribution partners in 2025.

The Supervisory Board closely monitored these developments, maintaining an ongoing exchange with the Management Board to overlook that the defined targets were met. While the transformation is still ongoing, Cherry has already made substantial progress in its restructuring efforts, positioning itself more competitively for 2025. The company is now already better aligned to capitalize on market opportunities in hybrid working, premium mechanical keyboards and digital healthcare solutions. Nevertheless, further measures will be necessary in 2025 to return Cherry to growth and profitability.

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 2025.

Below you will find the Report of the Supervisory Board on its activities and those of its committees in the 2024 fiscal year.

COMPOSITION OF THE SUPERVISORY BOARD

In the 2024 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), Heather Faust (Chairwoman of the Personnel and Remuneration Committee, member of the Audit Committee), Steven M. Greenberg (Chairman of the Technology and Innovation Committee and member of the Nomination Committee), Charlotte Hovmand Johs (Chairwoman of the Nomination Committee and member of the Technology and Innovation Committee), Harald von Heynitz (member of the Audit Committee) as well as Ashley Saulsbury (member of the Technology and Innovation Committee and the Nomination Committee). Dino Sawaya's position as supervisory board member (member of the Audit Committee and the Nomination Committee) ended with the Annual General Meeting as of July 24, 2024.

During the year, Steven M. Greenberg became chair of the new Technology and Innovation Committee and handed over the chairmanship of the Nominating Committee to Charlotte Hovmand Johs, while remaining a member of the Nominating Committee.

Marcel Stolk, James Burns, and Heather Faust were re-elected at the Annual General Meeting held on May 17, 2023, for a term of office lasting until the conclusion of the Annual General Meeting that resolves on the discharge of the Management Board members for the 2025 fiscal year. Additionally, Charlotte Hovmand Johs was elected at the same Annual General Meeting for a term of office lasting until the conclusion of the Annual General Meeting that resolves on the discharge of the Management Board members for the 2024 fiscal year.

The term of office of Steven M. Greenberg ended at the conclusion of the 2024 Annual General Meeting and he was re-elected at the Annual General Meeting with a term commencing on July 24, 2024, and lasting until the conclusion of the Annual General Meeting that resolves on the discharge for the 2026 fiscal year. Mr. Ashley Saulsbury was elected by the Annual General Meeting on July 24, 2024, for a term of office lasting until the conclusion of the Annual General Meeting that resolves on the discharge for the 2026 fiscal year.

By resolution of the local court, Mr. Harald von Heynitz was appointed as a member of the Supervisory Board with a term commencing April 2024 until the conclusion of the 2024 Annual General Meeting. He was subsequently elected by the Annual General Meeting on July 24, 2024. This term of office begins at the conclusion of the Annual General Meeting on July 24, 2024, and extends until the conclusion of the Annual General Meeting that resolves on the discharge for the 2024 fiscal year.

Following the Annual General Meeting held on July 24, 2024, the Supervisory Board of Cherry SE was reconstituted on August 19, 2024 and confirmed Marcel Stolk as Chairman and James Burns as Deputy Chairman of the Supervisory Board. Since then, the Audit Committee has comprised of three members, and the Personnel and Remuneration Committee changed from three to two members. Three Supervisory Board members were part of the Nomination Committee, and a Technology and Innovation Committee was formed with three Supervisory Board members. The Supervisory Board has ensured that both the Audit Committee and the Personnel and Remuneration Committee comprise a majority of independent members of the Supervisory Board in order to meet the expectations of institutional investors and the requirements of modern 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 2024 fiscal year, which is voluntarily prepared and 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 four formal ordinary meetings in the course of the 2024 fiscal year, four extraordinary meetings as well as weekly informal meetings since November 2024. Furthermore, the Supervisory Board passed nineteen resolutions outside of meetings by e-mail. The Audit Committee held a total of seven meetings in the 2024 fiscal year, the Personnel and Remuneration Committee convened nine times, and the Nomination Committee three times. The Tech & Innovation Committee held two meetings in the 2024 fiscal year. As deemed necessary, the Supervisory Board and its committees also met regularly without the presence of the Management Board 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 discussions regarding the termination 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 in the subsequent meeting of the full Supervisory Board.

The Supervisory Board and its committees once again had a very high participation rate in the 2024 fiscal year.

Overview of the form of meetings of the Supervisory Board and its committees in the 2024 fiscal year

	Full Supervisory Board	Audit Committee	Personnel and Remuneration Committee	Nomination Committee	Tech & Innovation Committee
Virtual meetings	7	7	9	3	2
Face-to-face meetings	1	0	0	0	0

Overview of full Supervisory Board and committee meetings and individual attendance in the 2024 fiscal year

Member	Full Supervisory Board	Audit Committee	Personnel and Remuneration Committee	Nomination Committee	Tech & Innovation Committee
Marcel Stolk	7/8	-	9/9	-	-
James Burns	8/8	7/7	-	-	-
Heather Faust	8/8	7/7	9/9	-	-
Charlotte Hovmand Johs	8/8	-	-	3/3	2/2
Steven M. Greenberg	8/8	-	-	3/3	2/2
Dino Sawaya[1]	2/2	5/7	-	-	-
Dr. Ash Saulsbury[2]	6/6	-	-	3/3	2/2
Harald von Heynitz[3]	7/7	6/6	-	-	-

1 Member of the Supervisory Board until July 24, 2024.
2 Member of the Supervisory Board since July 24, 2024.
3 Member of the Supervisory Board since April 2, 2024.

FULL SUPERVISORY BOARD MEETINGS

At each of its ordinary quarterly meetings held in the 2024 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 on March 18 and 19, 2024, the Supervisory Board reviewed Cherry's Q1 financial and business performance. The Executive Vice President Global Finance & IT presented the latest financial figures, liquidity updates, and the most important developments regarding the loan with UniCredit Bank GmbH, the status of the audit by RSM Ebner Stolz, and the audit of the consolidated financial statements of Cherry SE as of December 31, 2022, by BaFin. The Management Board provided an operational update, with the BU heads explaining the status and planning for Gaming, Components, and Digital Health.

At the meeting on June 11, 2024, discussions focused on Cherry's market performance, particularly distribution challenges and the need for a stronger international and multi-channel strategy. While Components and Digital Health & Solutions remained on track, Gaming & Peripherals faced setbacks, requiring immediate corrective measures. The Board also reviewed the Components business, discussing market trends, OEM agreements, and innovation opportunities in switch technology.

At the meeting on September 16 and 17, 2024, the Supervisory Board approved an updated Schedule of Responsibilities for the Management Board, transferring CFO responsibilities to Oliver Kaltner and People & Culture to Dr. Udo Streller. Financial updates covered liquidity forecasts. The Board also reviewed distribution partnerships and sell-out performance, while addressing challenges in the Gaming & Office Peripherals segment, including logistics issues, limited marketing resources, and the shift toward wireless products.

At the extraordinary meeting on October 3, 2024, the Supervisory Board discussed the revenue shortfalls. The Board raised concerns about the late detection of these issues and questioned potential weaknesses in internal controls. The Management Board assured that processes are in place. The Executive Vice President Global Finance & IT outlined the risk of a liquidity shortage by year-end. The finance team was tasked with preparing detailed liquidity forecasts.

At the extraordinary meetings on October 6, 7, and 11, 2024, the Supervisory Board addressed potential liquidity challenges and cost-saving measures. The Management Board presented updated liquidity forecasts. The Board decided on immediate savings of at least EUR 3.5 million and instructed management to factor in a worst-case scenario in the new liquidity plan. Discussions also covered inventory issues with key distributors and measures to stabilize market conditions, including a buyback program to counteract grey market disruptions.

At the extraordinary meeting on November 8, 2024, the Supervisory Board reviewed Cherry's liquidity position and discussed possible weaknesses in the early warning system. Management committed to revising it, with further discussions planned at the next Audit Committee meeting. The Board also approved key organizational changes, including unifying Peripherals sales, and shifting product development under the COO.

At the extraordinary meeting on December 4, 2024, the Supervisory Board reviewed the 2025 budget, prepared in collaboration with Bachert & Partner. While generally accepted as a basis for further planning, adjustments were requested, and a revised version will be submitted for approval. The Board emphasized the need for ongoing strategic development, with a final budget revision planned for Q1 2025.

At its meeting on December 9 and 10, 2024, the Supervisory Board reviewed Cherry's liquidity position, which remained stable at over EUR 13 million without any breach of the covenants of the loan agreement with UniCredit Bank GmbH. The Supervisory Board discussed the sales forecasts for the fourth quarter and the status of the factoring negotiations. The Management Board also reviewed the status of the business divisions and emphasized the need for a five-year strategic plan at the beginning of 2025. Scenarios for the Components segment, including a further relocation of production to China or the possible licensing or sale of existing patents from the Cherry portfolio, were discussed, with the Management Board being tasked with reviewing M&A strategies.

DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Supervisory Board discussed corporate governance, 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 2023 fiscal year, the 2024 half-year report and the quarterly statements for the first and third quarters of the 2024 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 appropriateness and effectiveness of the internal control system, and the Group's risk management system (including sustainability-related aspects. A focus of the Audit Committee in 2024 was the quality of the internal control system.

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 2024 fiscal year. A further focus was the evaluation of the 2023 non-financial STI tranche and the assessment of target achievements. Additionally, the Committee reviewed the structure of the current tasks and areas of responsibility within the Management Board to ensure operational effectiveness. In 2024, the Committee was actively involved in personnel planning at the Management Board level. This included discussions on succession planning, particularly regarding the CFO position, and adjustments to the remuneration structure. As part of these efforts, the Committee oversaw the premature termination of Management Board member Dr. Mathias Dähn. The Committee also reviewed and refined the non-financial STI metrics for 2025 to align them with Cherry's strategic objectives. In addition, it examined the timing and structure of executive contracts, including preparations for the upcoming extension of the CEO contract. The Committee continuously engaged with the Management Board to ensure that Cherry's leadership structure remains well-positioned to navigate the company's transformation and future growth.

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. In 2024, the Nomination Committee also reviewed the structure and composition of the Supervisory Board to ensure alignment with Cherry's strategic direction and to meet the needs of the organization going forward into the future. A key focus was evaluating either or both of a potential reduction in the number of Supervisory Board members and a potential reduction in the compensation structure of the Supervisory Board. In this context, the Committee reviewed the relevant provisions in the Articles of Association and obtained legal advice on the steps required to effectuate any potential change in the composition and compensation of the Supervisory Board. Also, the Committee imposed new internal rules limiting out-of-pocket travel expenditures on behalf of the Supervisory Board and the advisability of reducing the number of in-person quarterly meetings to further achieve cost reductions for the benefit of Cherry.

TECHNOLOGY AND INNOVTION COMMITTEE

The Committee commenced August 2024 with an organizational effort to define a mechanism for the capture and harvesting of new innovations for both short- and long-term product development. Committee activities included conducting an innovation development session with thought leaders from Cherry and defining a standard operating procedure for capturing new invention disclosures. Other committee activities focused on evaluating disruptive technological elements and the potential integration of such elements into traditional human-machine interface devices, including keyboards, mice, and audio input devices, to develop next-generation product features and product lines at both the consumer and cloud service levels.

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. The Supervisory Board has conducted a thorough review of the relationship between its member Harald von Heynitz, in his capacity as Managing Director of WTS Advisory GmbH, a sister company of WTS GmbH, which provides tax advisory services for Cherry. This analysis has confirmed the existence of a legally significant connection between Harald von Heynitz and WTS GmbH, through their shared parent company, WTS Group AG. As a result of this assessment, the remuneration of WTS GmbH for its tax advisory activities requires the explicit approval of the Supervisory Board. The Supervisory Board has approved all transactions with WTS GmbH in accordance with corporate governance requirements for 2024. There were no further conflicts of interest on the Supervisory Board during the 2024 fiscal year. In particular, no further 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 as well as in February 2025, 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 July 24, 2024, RSM Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, was elected as auditor and Group auditor for the 2024 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 2024 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 26, 2025. 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 28, 2025. 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 27, 2025. The Supervisory Board approved the annual financial statements and the consolidated financial statements on May 30, 2025. 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, 2024 (referred to below as the Sustainability Report 2024) prepared by the Management Board.

The Sustainability Report was diligently reviewed by the Supervisory Board at its meeting held on May 26, 2025. 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, 2024, on May 30, 2025 and had no objections to the report.

On behalf of the Supervisory Board

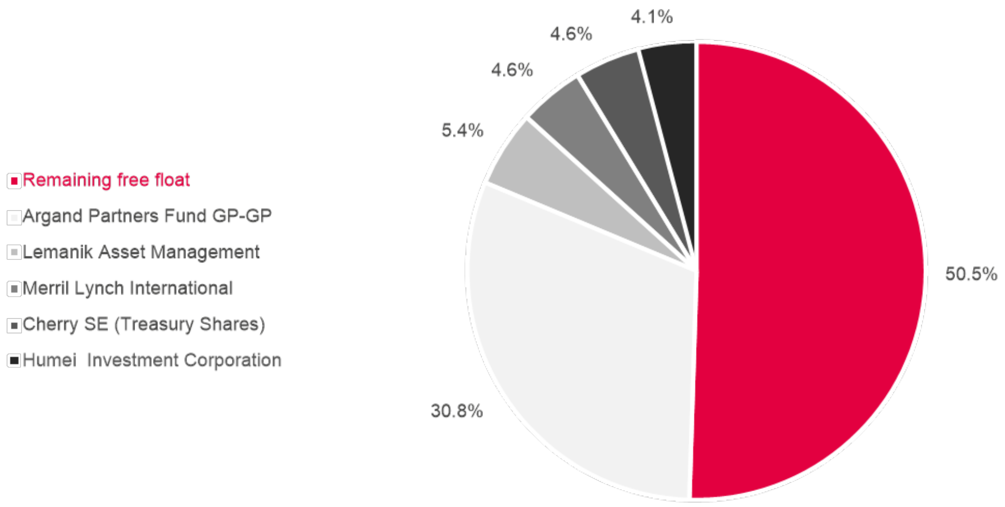
Marcel Stolk
Chairman

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 healthcare. 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



PERFORMANCE OF THE CHERRY SHARE

Despite numerous geopolitical and economic headwinds, international equity markets performed well overall in the 2024 fiscal year. The global economy grew at a moderate pace, supported by falling inflation rates and cautious monetary policy easing by central banks. These developments led to noticeable gains on the stock markets in many regions. The US stock markets were once again among the biggest winners, driven by technology-based growth stocks and comparatively robust economic development. While the MSCI World gained 17.4% in the reporting year, the S&P 500 – which in turn accounts for around 70% of the MSCI World's market capitalization – even recorded an increase of 23.8%.

In Europe, and particularly within the market segments in Germany, developments were more mixed. The German benchmark index, the DAX, performed surprisingly well, rising by 18.9% and demonstrating its resilience. Within Germany, large and regionally diversified companies benefited from their market position and economies of scale, while smaller and medium-sized companies with high exposure to Germany suffered from weak end markets, higher capital costs and reduced investor risk appetite. The continuing erosion of liquidity in these market segments also exacerbated volatility. The rally in lower-capitalized companies predicted by the majority of capital market specialists at the beginning of the year did not materialize while the SDAX lost 1.78% over the course of the year, the MDAX fell by as much as 5.71%.

As a result of two forecast misses, Cherry shares again underperformed their small-cap peers in 2024, losing 64.3% of their value. Starting the year at EUR 3.28, they closed on 30 December 2024 at EUR 1.14, with a market capitalization of EUR 26.3 million. On 18 January 2024, Cherry's market capitalization peaked at EUR 3.78, reaching a market value of EUR 91.9 million for the year 2024.

ANALYSTS

Institute	Analyst[1]	Recommendation	Target price	Date
Hauck Aufhäuser Investment Banking	Marie-Thérèse Gruebner	Sell	€ 0,80	October 04, 2024
Metzler Capital Markets	Oliver Frey	Hold	€ 0,95	February 12, 2025
Montega AG	Bastian Brach	n/a	n/a	February 17, 2025
Warburg Research	Jörg Philipp Frey	n/a	n/a	March 06, 2025

[1] Cherry SE regularly updates the analyst overview. The ratings shown here only reflect the opinions of the financial institutions, research companies, or analysts mentioned there. Cherry SE accepts no liability for the selection, timeliness, completeness, or accuracy of the analyst recommendations reproduced here, their content, or the consensus presented here. Interested parties are advised to obtain research reports from the respective analysts directly or from the relevant financial institutions or research companies. Cherry SE does not provide any research reports.

02 COMBINED MANAGEMENT REPORT FOR CHERRY SE AND THE CHERRY GROUP 2024

1. CHERRY GROUP PROFILE

1.1. Business model

Cherry (the company as a group, together with its consolidated subsidiaries) is an international manufacturer of computer input devices such as mechanical keyboards, mice and headsets for applications in the gaming & e-sports, office & hybrid workplaces, industry and healthcare sectors. In addition, the company manufactures high-end mechanical switches for the production of its own keyboards and for those of partner companies. Since its foundation in 1953, Cherry has stood for innovative and high-quality products that are developed specifically for specific customer needs.

Cherry is headquartered in Munich (Germany) and, as of 31 December 2024, employed 412 people at its production facilities in Auerbach (Germany), Zhuhai City (China) and Vienna (Austria), as well as in several sales offices in Munich and Auerbach (Germany), Paris (France), Landskrona (Sweden), Chicago and Kenosha (Wisconsin, USA), Shanghai (China), Hong Kong and Taipei (Taiwan). Cherry is also represented by its own sales staff in other European countries.

The company's activities are divided into three different business segments. The Components segment comprises the business with high-end mechanical switches, which are used in Cherry partner products from well-known OEMs and in the company's own gaming keyboards. The Gaming & Office Peripherals segment consolidates the two operating divisions Gaming Devices and Office Peripherals. This segment includes the business with computer peripherals for professional use in gaming and e-sports as well as for use in (hybrid) office solutions and industry. The Digital Health & Solutions segment comprises the business with secure and hygienic peripherals for digital healthcare and security devices.

The Components segment celebrated its 40th anniversary in the 2023 fiscal year. Cherry developed the first mechanical switch for keyboards in 1983 and has been a renowned supplier of high-quality mechanical keyboard switches ever since. The market for keyboard switches has changed significantly in recent years. In particular, the significant increase in the number of competitors from the Asian economic area has led to a noticeable intensification of competition – both in terms of technology and pricing. The Management Board of Cherry SE responded to the changed conditions with a comprehensive package of measures to strategically realign the business model, which was announced in the fourth quarter of 2023 and implemented in the fiscal year just ended. A key component of the package of measures was the transfer of production of the new MX2 switch generation to a contract manufacturer based in China. The production transfer was successfully completed in the past fiscal year. Only the production of MX2 keyboard switches for use in our own gaming keyboards and the highly complex production of the ULP series remained in Auerbach. The keyboard switches are mainly sold to global suppliers of gaming peripherals as part of a B2B marketing approach and partly via direct OEM contracts.

In the Gaming Devices division, Cherry offers its customers a range of 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 sectors. Gaming keyboards are manufactured at the Zhuhai City site (China) using almost fully automated assembly machines and processes. The gaming peripherals developed in-house by Cherry are sold primarily through distributors and online platforms, mainly in the major gaming markets of Asia. In the 2024 fiscal year, the geographical focus was on China as the largest single market and on South Korea.

The peripheral devices offered in the Office Peripherals division are specially developed for use in (hybrid) office workplaces and in industry. The devices for this user group mainly include keyboards, mice, desktop combinations and point-of-sale devices. These peripheral devices are manufactured by selected production partners abroad based on specifications, designs and quality requirements defined by Cherry. The entire product portfolio for use in (hybrid) office workplaces comprise a wide range of different products in numerous colors and country variants. Sales are mainly conducted on a B2B basis through regional and national distributors in Europe, the USA and Asia, who in turn distribute the products to end users both online and offline via various sales channels (sub-distributors, resellers, system houses, retailers and e-tailers). In addition, Cherry sells its computer peripherals both through a B2B and a B2C approach via large e-commerce platforms (e.g. Amazon, eBay) and through its own web shop.

Within the Digital Health & Solutions segment, Cherry focuses on the development, production and distribution of innovative and secure peripheral devices with a wide range of functions for workplaces in industry and digital healthcare. Industrial applications include chip card readers, both as stand-alone devices and in combination with a keyboard for user authentication, particularly in government agencies and other institutions with high security requirements. In addition, Cherry is one of only two providers approved by Gematik for systems 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 is distributed via specialized system integrators to all TI user groups such as hospitals, medical practices, pharmacies and other user groups. The SMD circuit boards are manufactured, and the end devices are assembled at the production site in Vienna by Cherry Embedded Solutions GmbH (formerly Theobroma Systems Design und Consulting GmbH). Due to the high security and certification requirements, the market for telematics infrastructure in the German healthcare sector has high barriers to entry for potential competitors, which is why there is only one other Gematik-approved provider on the market besides Cherry. Cherry currently has a market share of around 80%. Cherry is also represented in the market segment for hygienic and washable keyboards and mice.

1.2. Group structure

As of December 31, 2024, the Cherry Group consisted of 12 legally independent entities (December 31, 2023: 13 entities)

Cherry SE held all the shares in the following subsidiaries as of December 31, 2024:

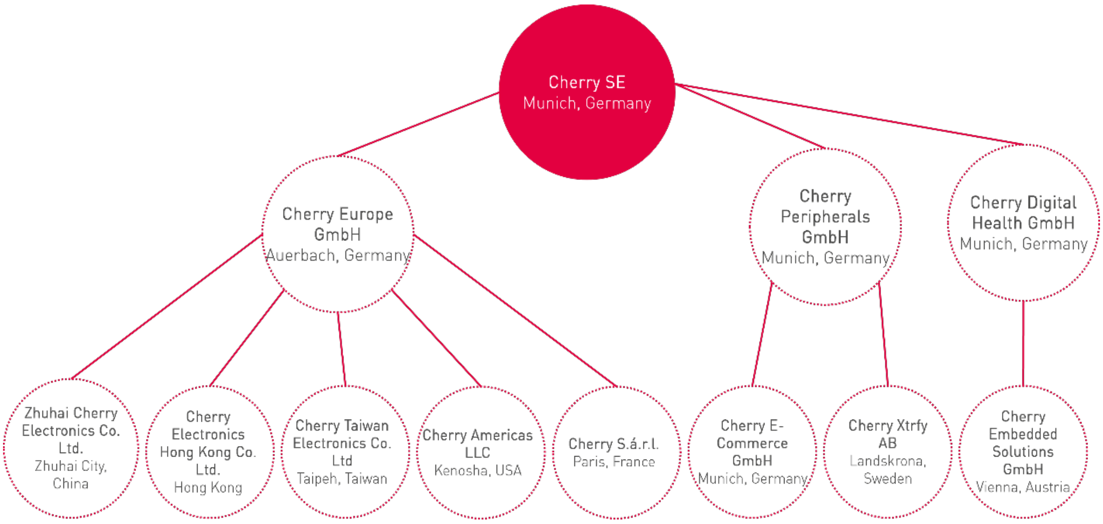
- Cherry Europe GmbH (Auerbach, Germany)
- Cherry Peripherals GmbH (Munich, Germany)
- Cherry Digital Health GmbH (Munich, Germany)

As of December 31, 2024, 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, 2024, 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 to Cherry Xtrfy AB on September 8, 2023.

As of December 31, 2024, Cherry Digital Health GmbH held all shares in Cherry Embedded Solutions GmbH (Vienna, Austria), formerly Theobroma Systems Design und Consulting GmbH (renamed on March 21, 2024). Active Key GmbH (Munich, Germany), formerly a wholly owned subsidiary of Cherry Digital Health GmbH, was merged into the latter on August 1, 2024.



1.3. Strategy and target system

Cherry is a long-established company with a history spanning 72 years. During this time, Cherry has developed into an international supplier of high-quality keyboard switches and computer peripherals for a wide range of applications. Cherry sees itself as a premium brand and attaches great importance to the quality and durability of its products. In addition, Cherry has a high level of technological expertise, develops most of its products in-house, and always strives to offer end customers specific added value (USP). Quality and innovation leadership is one of our three overarching strategic goals, which we aim to achieve by focusing clearly on our core strengths.

The second central component of our strategic orientation is sustainable growth. Cherry has a strong brand with a positive image, which provides a long-term basis for substantial growth. Cherry operates in international markets that offer high growth potential simply due to their size and Cherry's current market share. Organic growth opportunities arise primarily from the increasing internationalization of the business model, the expansion and realignment of sales structures, and a stronger focus on our current and future product portfolio. In the medium term, we also aim to achieve inorganic growth through targeted acquisitions.

Strategic partnerships and acquisitions also play an important role in relation to the planned business transformation. Cherry's medium-term goal is to enhance its current hardware-based business model with complementary software solutions. This will enable Cherry to offer its customers a comprehensive service package that goes beyond the mere provision of technology and also offers new and more diverse application possibilities. In addition to cloud-based applications, potential areas of application include SaaS (software as a service) solutions and smartphone apps. The Digital Health & Solutions segment in particular offers exciting opportunities in the field of e-health. On January 31, 2024, for example, the company announced its cooperation with DoctorBox, under which a purely digital solution for e-prescriptions was implemented. The digitization and transformation of the business model toward software services is also expected to generate recurring revenue in the future.

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

COMPONENTS

- Technological advances over the competition through targeted and relevant further development of the product portfolio (e.g., magnetic and inductive multipoint switches).
- Stronger focus on the use of switches in the company's own gaming and office keyboards.
- Further optimization of the segment's cost structures, e.g., as part of a clear "make or buy" strategy.

GAMING & OFFICE PERIPHERALS

- Expanding the product portfolio with new wireless keyboards and desktop combinations, keyboards for creators, and additional ergonomically optimized peripherals.
- Strengthening of market penetration, particularly in North America and Europe, realigning the sales concept, optimizing market prices and margin quality, and strengthening strategic partnerships.
- Further expanding the geographical market presence for gaming devices and establishing a comprehensive ecosystem with central gaming utility software for keyboards, mice, and headsets.

DIGITAL HEALTH & SOLUTIONS

- Further rollout of the ST-1506 e-health terminal in the German healthcare sector to increase the installed base of Cherry hardware among all user groups of the telematics infrastructure and to gain further 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 revenue sources.

1.4. Management system

The Management Board manages the company at the level of the four operating divisions (or segments): Components, Gaming Devices, Office Peripherals, and Digital Health & Solutions. Due to their joint operational management and the comparability of the Gaming Devices and Office Peripherals divisions in terms of content and economic activity, these two divisions are combined into one reportable segment for external reporting purposes in accordance with IFRS 8.

The structure results in the following three reportable segments:

- The Components segment comprises the development, production, and sale of keyboard switches with different product specifications, which are used as components in gaming keyboards from leading global suppliers of computer peripherals and in Cherry's own keyboards.
- The Gaming & Office Peripherals segment comprises the two operating business units Gaming Devices and Office Peripherals and includes 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 the business with embedded system solutions in the form of IoT modules ("Internet of Things") and software solutions for the German healthcare sector.

The results of all business areas and activities that cannot be directly allocated to a segment are reported together with cross-segment consolidations in the "Corporate & Consolidations" column. These mainly include administrative expenses from the Group holding company, Cherry SE, which largely comprise expenses for management and the Supervisory Board as well as for the various service lines (e.g., Finance & Accounting, IT, People & Culture), as these perform administrative tasks across the entire Group. These costs are not allocated to the segments as they do not add value in terms of controlling the individual business areas. All income components that the Management Board does not use directly for controlling the individual segments are also reported there. These include all income components below EBIT (earnings before interest and income taxes), such as the financial result and income taxes.

The Management Board uses the annual budget process, regularly updated forecasts, and a comprehensive reporting system prepared by Group Controlling and submitted to the Management Board, which highlights any deviations from the plan, as the basis for its management activities. Sales and volume developments are reported on a daily basis, while the liquidity situation is reported at least once a week. In addition, there is short-term and medium-term liquidity planning, which is continuously updated. Detailed financial reports for the Group, the segments and the legal entities are prepared on a monthly basis. External reporting is carried out on a quarterly basis through the publication of quarterly reports and the half-yearly and annual reports.

In addition, regular Supervisory Board, Executive Board, and management meetings are held to review current business developments. The Executive Board meets weekly. The Supervisory Board meets four to six times a year, or more frequently if necessary. The Supervisory Board's Audit Committee acts as an additional control body.

The Management Board uses the financial control parameters of consolidated revenue and EBITDA margin (adjusted), which also form the basis for the forecast, to steer the business. These control parameters are significant for the company and are presented in the statement of financial position, the income statement, and the cash flow statement for the individual segments and for the Group as a whole.

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:

- The Components segment's revenue is generated by sales of keyboard switches developed and produced in-house with different product specifications, which are used as components in gaming keyboards from leading global suppliers of computer peripherals and in Cherry's own keyboards.
- Revenue in the Gaming & Office Peripherals segment is determined by sales of computer peripherals developed in-house and partly manufactured 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 merchandise items.
- Revenues in the Digital Health & Solutions segment are mainly determined by sales of e-health terminals and PIN pads developed and produced in-house for the German healthcare sector, as well as hygienic and secure computer input devices. In addition, the segment generates revenue from the sale of embedded system solutions in the form of IoT (Internet of Things) modules with proprietary software, as well as revenue from the provision of software solutions for the German healthcare sector.

Consolidated revenue is subject to a number of influences that vary in nature and impact. These include, for example, macroeconomic conditions, market trends, technological developments, and regulatory requirements. The Management Board regularly assesses these influences and their potential impact on consolidated revenue, both individually and in their entirety. This is taken into account in the forecast reporting by specifying a target range.

Use of Alternative Performance Measures (ESMA)

EBITDA margin (adjusted)

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

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

Operating profitability is managed by the Management Board in such a way that the company can grow while maintaining an appropriate level of profitability. Taking into account the planned revenue development, all relevant expense items are thus included in forward-looking corporate management, while non-operating and one-time special items are excluded. In the reporting on the forecast, this circumstance is taken into account by stating the relative key figure for the adjusted EBITDA margin.

1.5. Research and development

Against the backdrop of its existing corporate strategy, innovation through new product developments is crucial for Cherry in order to drive future growth and achieve its targeted competitive position as a leader in innovation and quality. The company's development activities focus both on the targeted expansion of its product portfolio with new, technologically and functionally innovative products and on the timely replacement of products at the end of their respective life cycles.

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

Development is managed centrally from the Auerbach site (Germany), which provides services related to new product development for all business segments. The development activities carried out there focus on the new and further development of keyboard switches for the Components segment, which are produced in-house. For new product developments in the other two segments, the site maintains close relationships with development partners from various regions. These partnerships relate to the development of hardware and software as well as security products and the implementation of design studies, among other things.

At the Zhuhai site (China), development services for the Gaming & Office Peripherals segment are provided in close cooperation with the Auerbach site (Germany). The local focus is on the development of gaming keyboards, which are also produced on site. In addition, there are further development partnerships with local manufacturers. In the office peripherals segment, the company's own development activities relate in particular to the definition of product and design specifications, while the actual product development is regularly carried out by local contract manufacturers.

Development services for the Digital Health & Solutions segment are mainly provided at the Vienna (Austria) site, which focuses primarily on e-health products, but also on embedded Linux software in the security and healthcare sectors and various industrial applications in the Internet of Things (IoT) field.

The following development activities were the main focus in the past fiscal year:

In the Components segment, the innovative MX Multipoint Switch was presented to the public and launched on the market in June at the Computex trade fair in Taiwan. This patented concept responds to the market trend towards analog switches in gaming keyboards. With its unique inductive solution, the Cherry MX Multipoint is also the keyboard switch with the best tactile feedback in Cherry's portfolio. In a cross-divisional collaboration with Cherry Embedded Solutions GmbH, a new electronic solution was developed that significantly reduces the cost of the switch, making it even more attractive to external customers. This solution was presented to our customer Razer in Singapore in September, and a possible joint roadmap was defined. Cherry is also currently working on further analog switches that will function inductively or magnetically. To ensure long-term competitiveness, another production line was commissioned at our Chinese contract manufacturer in mid-2024. The new production site now gives Cherry access to significantly cheaper and readily available production resources for future projects. The portfolio strategy and roadmap have been realigned for the coming years in line with market requirements. The focus is on innovation and competitiveness in the individual product divisions. The strategy, which was developed based on feedback from intensive discussions with our Asian manufacturers and customers, will bear fruit in the coming years.

The Gaming & Office Peripherals segments focused on expansion into new markets with the development of two high-end keyboards in the premium segment. The 10.1 and 8.3 models feature a new LCD display and a new rotary knob that allows users to easily adjust the RGB lighting (red-green-blue color model), access media controls, and seamlessly switch between connection modes or paired devices. The screen displays the battery status and typing speed. The new keyboards are the first Cherry keyboards with 4000 Hz wireless, and 8000 Hz wired polling rates, providing feedback up to 8 times per millisecond. The 8.3 model can also swap mechanical switches during operation. In 2024, the first wireless gaming headset, the H3 model, was completed. It builds on the e-sports-optimized soundscape of the H1 and H2 models, with audio precision developed in collaboration with experienced professional gamers. With customizable EQ modes, the H3 adapts to all needs, and with two wireless options, it works great at your desk or on the go, either with a low-latency USB dongle or via Bluetooth®. The new model has a battery life of up to 100 hours on a single charge. The focus in the office sector is on the market entry of new mechanical keyboards. Against this backdrop, four new models were unveiled at CES 2025, including the KW 300 MX, the first hot-swappable keyboard for office use. This keyboard is equipped with Cherry MX2A switches, robust PBT double-shot keycaps for smooth and quiet keystrokes, full N-key rollover, anti-ghosting function, 1000 Hz polling rate, and AES-128 encryption. The minimalist black and gray design features white backlighting that can be adjusted in 10 levels. A control selector on the keyboard allows easy adjustment of backlighting, volume, brightness, and power on/off. Dual-mode connectivity is possible with a USB Type-C port, and Bluetooth 5.2 allows connection to up to three devices. The KW550 and KC500 models are available in full size and without a number pad. Cherry is launching three new models with a mechanical low-profile platform. They feature keycaps made of high-quality polybutylene terephthalate (PBT), backlighting, fold-out feet, and status LEDs. The KW 550 LP has dual-mode connectivity, allowing connection via USB or Bluetooth to up to three devices.

Development activities in the Digital Health & Solutions segment focused on four different solution areas: e-health, hygiene peripherals, security peripherals, and smart boards. In the e-health products segment, development activities concentrated on the further development of the ST-1506 e-health terminal and related services. The e-health terminal, which was launched on the market for the first time in 2021, was developed based on the multi-paradigm system programming language RUST and thus also represents a scalable platform for Cherry in the evolving telematics infrastructure for the German healthcare system. In addition to the introduction of a terminal management system (TMS) for the remote management of the e-health terminals, the continuous further development of the e-health terminal software was an essential part of the development activities in order to address requirements in connection with current and future applications in the telematics infrastructure. In addition, the development of the Cherry SmartLink product and the Cardlink product approval by Gematik in October 2024 laid the foundation for an initial software service offering in the telematics infrastructure. The range of hygiene peripherals with fully wipeable keyboards and mice was further expanded. The Hygiene Desktop 2, a product for medical use in areas with high hygiene standards, continued to be sold in North America and Europe in 2024. The STREAM PROTECT replaceable membrane is a product for Cherry STREAM keyboards that are used in hygiene-related applications outside the healthcare sector. Development activities in the security peripheral solutions segment in 2024 were not limited to product maintenance (driver and firmware updates). A project was also launched to develop the next version of card reader keyboards and stand-alone card readers. In the Smart Boards solutions segment of the Group subsidiary Cherry Embedded Solutions GmbH, highly integrated components (embedded systems) were developed for intelligent products in the Internet of Things (IoT) and Industry 4.0 sectors for the Health & Life Science, Industry, Transport & Logistics, and Retail and Security application areas. The development portfolio includes SoM platforms (system-on-modules) including development kits, single-board computers, and full custom design products for various devices, each of which is controlled in corresponding applications. The particular focus is on devices with applications in the medical sector.

As of the balance sheet date, a total of 60 employees were working in research and development (previous year: 62 employees).

Research and development expenses amounted to EUR 11.4 million in the past fiscal year (previous year: EUR 15.7 million).

This includes special impairment charges on capitalized development costs, property, plant, and equipment, and right-of-use assets in the amount of approximately EUR 4.1 million, which were required as a result of the impairment test in accordance with IAS 36 and are adjusted in EBIT.

The previous year included special items of 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 related to costs associated with restructuring and EUR 6.9 million to impairment losses, mainly on capitalized development costs, in connection with the impairment test.

Adjusted for special items, research and development costs were EUR 0.3 million below the previous year's level. Research and development costs amounted to 10.3% of consolidated revenue (previous year: 12.5%).

Of the research and development costs, EUR 1.2 million were attributable to the Components segment (previous year: EUR 5.4 million), EUR 6.5 million were attributable to the Gaming & Office Peripherals segment (previous year: EUR 2.0 million) and EUR 2.6 million was attributable to the Digital Health & Solutions segment (previous year: EUR 6.8 million) and EUR 1.1 million (previous year: EUR 1.5 million) to Corporate & Consolidations. The latter costs relate to basic development services that are generally used in all segments.

In addition, in fiscal year 2024, internal development expenses of EUR 5.1 million were capitalized as intangible assets or as projects under development (previous year: EUR 3.6 million).

Development costs thus accounted for 44.6% of total research and development expenses (previous year: 22.9%).

2. REPORT ON ECONOMIC POSITION

2.1. Macroeconomic and sector-specific environment

An overview of global economic development in 2024

According to the International Monetary Fund (IMF) in its "World Economic Outlook Update – Global Growth: Divergent and Uncertain" published in January 2025, the global economy continued to recover last year with average gross domestic product (GDP) growth of 3.2%, but with disappointing growth rates in Germany compared to original expectations.

Although the economic outlook for Germany and Europe initially improved at the beginning of the year, it clouded over again noticeably from the summer onwards. The purchasing managers' indices for the manufacturing sector in Germany, France, the eurozone, and the UK also pointed to a contraction in industrial production at the end of the year. The ifo Business Climate Index pointed to a continuing mood of crisis in the German economy, while the GfK Consumer Climate Index indicated persistently negative consumer sentiment, particularly in the second half of the year. Over the course of the year, it became increasingly clear that Germany had lost considerable competitiveness in international comparison. In addition to challenges in energy supply since the start of the war in Ukraine, rising protectionism, and China's changing role in global trade from pure supplier to direct competitor, high wage costs, infrastructure bottlenecks, excessive bureaucracy, and lengthy approval processes play a central role.

In the United States, underlying demand remained robust, thanks in part to a stable labor market with rising real wages, a reliable and inexpensive energy supply, and extensive subsidy programs. In emerging and developing countries, production and supply bottlenecks for raw materials, especially oil, as well as geopolitical conflicts, social unrest, and extreme weather events led to a subdued growth forecast for the Middle East, Central Asia, and sub-Saharan Africa. However, these negative developments were offset by an upward revision of the forecasts for emerging markets in Asia. There, rising demand for semiconductors and electronics – driven by significant investments in artificial intelligence – is helping to strengthen growth. In China and India in particular, this trend is being supported by extensive public investment.

Although price pressures persisted in some countries, global inflation rates declined significantly last year. This was mainly due to the gradual unwinding of initial supply and demand shocks, such as the widespread disruptions in supply chains combined with a strong surge in demand after the pandemic and sharp rises in commodity prices as a result of the war in Ukraine. Disinflation gave central banks room to cut interest rates.

Despite the easing of monetary policy, economic growth in some advanced economies, particularly in Germany, remained below expectations. With a contraction of 0.2% in 2024 (2023: GDP decline of 0.3%), Germany recorded the weakest growth among the major economies, with national income barely above pre-pandemic levels. Contrary to initial fears, however, the US avoided recession and even grew unexpectedly strongly, with GDP rising by 2.8%.

Industry-relevant developments

Market conditions varied greatly in Cherry's three business segments, Gaming & Office Peripherals, Components, and Digital Health & Solutions.

In 2024, the global gaming market remained stable, generating sales of USD 177.9 billion, which corresponds to slight growth of 0.6% compared to 2023. This growth was mainly driven by the mobile games segment, which grew by 2.8%, while the console games market declined by 3.9%. The PC gaming market saw minimal growth of 0.1% in 2024. Although player engagement increased, this did not translate proportionally into higher spending, leading to stagnant revenues. The US and Asia-Pacific continued to dominate the gaming market, contributing significantly to both player numbers and revenues. China remained a key player, with the country's gaming market reaching a volume of USD 47.0 billion in 2024, according to Newzoo. These findings highlight a year of mixed results for the gaming industry in 2024, with mobile gaming emerging as the main growth driver, while the PC and console segments faced challenges.

The office peripherals market saw steady growth in 2024, driven by the widespread adoption of hybrid and remote working models. As companies invested in high-performance office equipment to boost employee productivity, individual consumers also upgraded their home office facilities for greater comfort and efficiency (Acumen Research & Consulting, 2024). Among office peripherals, keyboards remained an important component for workplace productivity. The global keyboard market generated revenues of USD 4.9 billion in 2024 (Statista. 2025), representing a year-on-year increase of 2.0%. Ergonomic keyboards have become increasingly popular, while demand for wireless and mechanical keyboards also continued to rise as they offer greater flexibility, durability, and customizability. The global market for computer mice reached a volume of USD 2.4 billion in 2024 (Cognitive Market Research). With the advent of hybrid working, users increasingly have started to demand ergonomic mice that offer better support during prolonged use.

Regional market performance in the office peripherals segment varied, with North America remaining the largest consumer base with revenues exceeding USD 16,0 billion in 2024. The Asia-Pacific region recorded the fastest growth, driven by rising corporate investment in flexible workspaces. Demand also increased in Europe, particularly for ergonomic peripheral devices, as health and wellness initiatives encouraged companies to prioritize comfortable office facilities.

The global market for keyboard switches stabilized as expected in fiscal year 2024, slightly exceeding pre-COVID levels. The volume segment in particular saw intense competition, which is largely dominated by Chinese suppliers. At the same time, there is a clear trend toward ever shorter switch life cycles, which has further increased the demands on innovation and adaptability.

Demand for keyboard switches is mainly driven by the need for gaming and PC keyboards in the respective markets. In 2024, global sales of keyboards rose moderately to USD 4.9 billion. Regional analyses show that China generated the largest share of sales at USD 1.2 billion, while North America and Europe also held significant market shares. A defining trend in 2024 was the growing popularity of wireless and Bluetooth keyboards, which were increasingly preferred due to their high user-friendliness and mobility. In addition, interest in ergonomic and environmentally friendly keyboards continued to grow, with models featuring tactile feedback and context-sensitive technologies gaining in importance. The increasing prevalence of remote work and the continued growth of the gaming sector led to increased demand for high-quality, customizable keyboards. The mechanical keyboard segment benefited particularly from this development. These trends underscore the dynamic development of the global keyboard market in 2024, which is characterized by technological innovations and changing consumer preferences.

In 2024, the e-health sector in Germany continued to develop dynamically, marked by significant advances and challenges. A key milestone was the mandatory introduction of e-prescriptions on January 1, 2024. By mid-January, around 22 million e-prescriptions had already been redeemed, showing that around half of all prescriptions were issued digitally. This development underscores the growing acceptance of digital health solutions among both patients and healthcare professionals.

The introduction of e-prescriptions in early 2024 made the progress of digitization in the German healthcare system visible to the general public. Gematik GmbH, the national agency for digital medicine, analyzes the current state of the telematics infrastructure in the German healthcare system with the TI Atlas 2024. According to the report, the use of digital prescriptions is the new normal: over 540 million e-prescriptions have been issued and redeemed, and around 95% of those with statutory health insurance are already familiar with them. The introduction of electronic patient records (ePA) in 2025 marks the next major step in digitalization. Sixty-one percent of insured persons have already expressed their willingness to use the "ePA for all," and only 4% of those surveyed intend to oppose it. The high level of acceptance of the ePA demonstrates—in addition to a continuing increase in digital affinity (83%)—the large and steadily growing market potential for the Digital Health & Solutions segment.

2.2. Business performance and key influencing factors

The 2024 fiscal year was marked by various macroeconomic challenges for Cherry. In particular, the recession in Germany placed a heavy burden on the company's business development due to its high dependence on its home market, as did the low economic growth in Europe in general. The macroeconomic development in these markets, which are important for Cherry, led to noticeable consumer restraint.

In addition, geopolitical uncertainties and risks posed by rebels in the Red Sea hampered export business. A further reduction in the availability of container ships due to a rush ahead of the US elections in November 2024 also temporarily reduced transport capacities. Due to the circumstances described above, transport times were significantly extended to up to 12 weeks. In some cases, they thus returned to the level seen during the COVID-19 pandemic. However, due to the contractual arrangements with the freight forwarders, the company's logistics costs did not increase as a result.

Despite the difficult economic conditions, Cherry recorded revenue of EUR 61.6 million in the first half of 2024, which was on par with the previous year (H1 2023: EUR 61.3 million). In the second half of the year, however, business development fell significantly short of expectations. At EUR 48.9 million, revenue was 25.0% below the previous year's level (H2 2023: EUR 65.2 million) and also 20.6% below the first half of the year. The significant drop in revenue compared to the first half of the year was an unusual development for Cherry, as the gaming and office peripherals business, which is particularly influenced by end-customer demand, is normally strongly supported by numerous special sales promotions such as Black Friday, Amazon Cyber Week, and the traditional Christmas business.

Revenue stability in the first half of fiscal year 2024 was mainly attributable to the positive development in the e-health segment. The first wave of e-prescription implementation led to increased demand for e-health terminals and, as a result, to a strong 60.6% increase in revenue compared to the same period last year. This compensated for the decline in sales of gaming and office peripherals and keyboard switches. Growth in the e-health segment continued in the second half of the year, albeit at a more moderate rate of 10.2%. However, this slower growth compared with the first half of the year was not enough to offset the significant declines in the other two segments.

The office peripherals business in particular suffered greatly throughout the year from the difficult market conditions in Germany and Europe, recording a significant decline in sales of 30.9% in 2024, which was even more pronounced in the second half of the year at -48.1% compared to the first half (-12.2%). In addition to macroeconomic reasons, the negative development was partly due to the deliberate strategic decision to refrain from heavily discounted sell-in campaigns in order to clean up gray markets and ensure a stable margin structure and greater price transparency in the long term. Order volumes in the keyboard switch business also fell short of our own expectations. Despite the partial relocation of switch production to China and the resulting significant reduction in unit costs, which will enable a more competitive price positioning, the switch market remained highly competitive, with the volume market in particular dominated by Chinese competitors. In addition, the weakness in the notebook market in the high-end segment weighed on demand for ULP switches.

Based on the ongoing business development, the Management Board of Cherry SE updated its forecast for the fiscal year ended October 22, 2024, together with the announcement of the preliminary figures for the third quarter, by publishing insider information in accordance with Article 17 of Regulation (EU) No. 596/2014 to sales of around EUR 120 million (previously: EUR 140-150 million) with an adjusted EBITDA margin of around 3% (previously: 7-8%).

In response to the weak business performance in the third quarter of 2024, targeted measures were taken that already took effect in the fourth quarter. Tight working capital management resulted in positive free cash flow of EUR 7.8 million, an improvement of EUR 13.7 million compared to the third quarter of 2024. In addition, adjusted EBITDA for the Corporate & Consolidations segment, which mainly comprises the functional costs of the Group holding company and general administrative expenses, improved by EUR 3.3 million compared to the fourth quarter of 2023. This positive development was mainly due to the cost-cutting measures implemented in the fourth quarter of 2024.

Notes:

- Unless otherwise stated, the effects on the income statement and cash flows explained below relate to the 2024 fiscal year, while the comparative figures relate to the same period of the 2023 fiscal year (prior year).
- Unless otherwise stated, the effects on the statement of financial position explained below relate to December 31, 2024, or to the change in the 2024 fiscal year. The comparative figures relate to the previous year's financial statements (December 31, 2023).
- One-time non-operating special items that were adjusted in EBITDA as explained have also been adjusted in EBIT. Special items that were adjusted in EBIT as explained are adjusted exclusively in EBIT, as these items relate to items not included in EBITDA (e.g., depreciation, 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

Components

Total revenue for the Components segment fell by 5.8 % compared to the previous year (EUR 13.4 million) to EUR 12.6 million. The figure includes revenue from intragroup sales amounting to 5.2 million. (2023: EUR 2.5 million), which was eliminated on consolidation. External revenue therefore amounted to EUR 7.4 million and fell by 31.8 % year on year (EUR 10.9 million).

The main reason for the significant decline in external sales revenue in the 2024 fiscal year remained the extremely competitive market environment, which was characterized in particular by strong price competition. Chinese competitors continued to occupy the leading position in the entry-level and volume segment for keyboard switches due to their cost advantages. The number and volume of individual orders from our international OEM partners and Chinese brands remained insufficient to cover the segment's high fixed costs.

In view of these challenges, the business unit underwent extensive restructuring in the past fiscal year with the aim of stabilizing Cherry's position in these markets and making it more profitable in the long term. Production of the MX2 switch, which is relevant for the volume market and is used in Cherry partner products, was transferred to a Chinese contract manufacturer. This significantly reduced the unit costs of the new switch generation, enabling more competitive price positioning going forward. The transfer also optimized logistics processes, as production is now located geographically close to the company's main customers. New, more cost-effective tools for assembling the MX2 switches in China were completed in the third quarter and product samples were delivered to the major keyboard manufacturers. Only the production of MX2 switches for use in the company's own keyboards and ULP switches, whose high-precision manufacturing equipment cannot be easily relocated, remained at the Auerbach site.

While the partial relocation of switch production to China was successfully implemented in the past fiscal year, the planned expansion of sales in this key market was slower than originally planned. In connection with this, the continuing weakness in the high-end notebook market meant that individual orders from OEM partners and demand in the Chinese market continued to fall short of expectations. This had a particular impact on the growth potential of the mechanical ULP switch, which is designed specifically for notebooks thanks to its ultra-flat design, as numerous orders were postponed to the 2025 fiscal year. In addition, its high unit costs and the resulting high price positioning limit the potential sales volume.

With innovative new models such as the MX Multipoint and MX Silent Clear, Cherry has now successfully expanded its switch portfolio to meet the requirements of gaming and office users. Cherry is also working on further analogue, inductive and magnetic switches, which are to be introduced in the current fiscal year. Cherry is thus following the current market trend towards analogue multipoint switches.

The segment generated adjusted EBITDA of EUR -1.2 million (2023: EUR 1.8 million), which corresponds to an adjusted EBITDA margin of -9.6 % (2023: 13.1 %). Adjusted EBIT totaled EUR -2.9 million. (2023: EUR -6.1 million). This corresponds to an adjusted EBIT-Margin of -23.0 % (2023: -45.9 %).

Gaming & Office Peripherals

Total revenue generated by the Gaming & Office Peripherals segment decreased by 21.6 % year on year to 72.6 million (2023: EUR 92.6 million). The segment did not generate any inter-segment revenue within the Group.

The decline in these segments is mainly due to the falling revenues in the office product business, which decreased by -32.7 % to EUR 36.2 million (previous year: EUR 53.9 million).

The ongoing economic uncertainty in Europe and the second year of recession in Germany – Cherry's largest single market for peripheral devices – led to increased savings and a lower willingness to invest. This had a particularly negative impact on demand for office peripherals in these important markets for Cherry. Hardware was sold mainly through distributors, who maintained consistently high inventories throughout the year due to subdued demand, which severely limited the potential for selling new products at reasonable margins.

To ensure a stable price structure, sell-in activities were therefore deliberately curtailed in the second half of the year, in particular to clean up the grey market in the DACH region. This measure led to a short-term decline in sales but was essential to secure the margin structure and price transparency in the long term. The first positive effects were already visible in the fourth quarter: average end customer prices for core products were more than 50% higher than in the same period of the previous year.

Further measures taken, such as the increased focus on tenders, the adjustment of distribution quotas to distribution partners and the realignment of the sales concept in general, were not yet able to achieve the planned effect in the fiscal year that just ended due to delays in the ramp-up.

Following the overall disappointing results, particularly in the second half of 2024, Cherry has taken additional strategic corrective measures. In addition to the management restructuring measures already implemented, the Management Board itself held detailed discussions with the existing distributor network and set up an internal task force to analyze in detail the opportunities for internal optimization in the segment.

In the Gaming segment, revenues remained stable overall at EUR 28.1 million compared to the previous year (EUR 28.2 million). While the gaming business in Europe and America grew last year, the majority of gaming peripheral revenues continue to come from China, which dominates the global gaming market. Here, stable revenues at the previous year's level were achieved.

The e-commerce business in the Gaming segment showed stable sales development. However, increased volumes were largely offset by price effects, particularly in the Amazon business. Ongoing price competition on the e-commerce platform, the provider's high target margins, the high complexity of the business and the associated administrative expenses mean that, viewed in isolation, the business is hardly profitable in its current form. The company is therefore currently examining the possibility of restructuring the Amazon business in future in cooperation with a distributor in order to reduce complexity and, as a result, improve the margin situation of the business in the long term.

The segment generated adjusted EBITDA of EUR -2.6 million. (2023: EUR 14.1 million), which corresponds to an adjusted EBITDA margin of -3.5 % (2023: 15.2 %). Adjusted EBIT totaled EUR -6.2 million (2023: EUR 10.8 million). The figure corresponds to an adjusted EBIT margin of -8.5 % (2023: 11.6 %).

Digital Health & Solutions

Total revenue in the Digital Health & Solutions segment rose by 32.3 % compared with the previous year (EUR 23.0 million) to EUR 30.5 million. The segment did not generate any inter-segment revenue within the Group.

Segment growth is mainly attributable to the e-health terminal business, where revenue increased by EUR 7.9 million to EUR 24.7 million (previous year: EUR 16.8 million). The increasing digitalization of the healthcare sector led to greater investment in modern telematics infrastructure by doctors' practices, pharmacies and clinics in order to meet the new legal requirements. As the market leader with a share of around 80% of e-health terminals in Germany, Cherry benefited significantly from this development. With the mandatory introduction of e-prescriptions on 1 January 2024, demand for e-health solutions increased noticeably in the first half of the past fiscal year. Despite a temporary decline in demand after the completion of the first wave of e-prescription implementation, the business continued to grow at double-digit rates. In addition, the Terminal Management System (TMS) was successfully launched on the market, providing an efficient solution to support critical processes within the entire IT infrastructure in hospitals and care facilities.

In addition, strict hygiene regulations in Europe and the USA contributed to a very positive development in business with hygiene peripherals such as wipeable keyboards and mice, whose sales also increased by EUR 5.5 million compared to the previous year. By contrast, sales in the secure computer input devices business were down 7.4% year-on-year at EUR 5.8 million.

The positive business development in this segment helped to partially offset sales losses in the other two segments during the course of the year, particularly in the first half. Despite the overall positive sales development, segment performance in the fourth quarter fell short of our own expectations.

The segment generated adjusted EBITDA of EUR 12.3 million (2023: EUR 4.7 million), which corresponds to an adjusted EBITDA margin of 40.2 % (2023: 20.3 %). Adjusted EBIT totaled EUR 9.6 million (2023: EUR 1.1 million). The figure corresponds to an adjusted EBIT margin of 31.4 % (2023: 4.7 %).

The annual columns in the table below refer to the period from January 1 to December 31 of the specified fiscal year.

	COMPONENTS			GAMING & OFFICE PERIPHERALS			DIGITAL HEALTH & SOLUTIONS			CORPORATE & CONSOLIDATIONS			GROUP		
€ million/ as reported	2024	2023	Change	2024	2023	Change	2024	2023	Change	2024	2023	Change	2024	2023	Change
Segment revenue	12.6	13.4	-5.8%	72.6	92.6	-21.6%	30.5	23.0	32.3%	-5.2	-2.5	-107.1%	110.4	126.5	-12.7%
External revenue	7.4	10.9	-31.8%	72.6	92.6	-21.6%	30.5	23.0	32.3%	0.0	0.0	0.0%	110.4	126.5	-12.7%
intragroup revenue	5.2	2.5	107.1%	0.0	0.0	0.0%	0.0	0.0	0.0%	-5.2	-2.5	-107.1%	0.0	0.0	0.0%
Gross Profit I (GPI)	4.4	4.5	-2.2%	23.5	39.7	-40.8%	19.1	12.8	49.2%	0.2	-0.0	565.1%	47.2	56.9	-17.0%
Gross profit margin I (GPI margin)	35.3%	33.5%	1.8 pp	32.3%	42.9%	-10.6 pp	62.5%	55.4%	7.1 pp	-5.0%	1.7%	-6.7 pp	42.8%	45.0%	-2.2 pp
Gross Profit II (GPII)	-6.2	-35.3	82.4%	13.5	29.3	-53.7%	16.3	8.6	90.4%	0.3	0.1	138.0%	23.9	2.7	791.3%
Gross profit margin II (GPII margin)	-49.3%	-263.9%	214.6 pp	18.7%	31.6%	-13.0 pp	53.6%	37.3%	16.3 pp	-5.0%	-4.3%	-0.6 pp	21.7%	2.1%	19.6 pp
EBITDA (adjusted)[1]	-1.2	1.8	-169.1%	-2.6	14.1	-118.1%	12.3	4.7	162.8%	-15.5	-18.4	16.0%	-7.0	2.1	-437.0%
EBITDA margin (adjusted)[1]	-9.6%	13.1%	-22.7 pp	-3.5%	15.2%	-18.8 pp	40.2%	20.3%	20.0 pp	298.8%	737.2%	-438.4 pp	-6.3%	1.6%	-7.9 pp
EBIT (adjusted)[1]	-2.9	-6.1	52.5%	-6.2	10.8	-157.2%	9.6	1.1	779.6%	-16.3	-19.0	14.2%	-15.8	-13.3	-19.2%
EBIT margin (adjusted)[1]	-23.0%	-45.9%	22.9 pp	-8.5%	11.6%	-20.1 pp	31.4%	4.7%	26.7 pp	314.8%	759.6%	-444.8 pp	-14.3%	-10.5%	-3.8 pp

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

Reconciliation to alternative performance measures (ESMA)[1]

The following table shows the reconciliation of EBIT, EBITDA, adjusted EBIT, and adjusted EBITDA to the Cherry's Group net loss/profit for the 2024 fiscal year and the previous year.

€ thousand	Jan. 1- Dec. 31, 2024	Jan. 1- Dec. 31, 2023
Group net loss	-45,453	-126,881
- Taxes	-1,187	-6,926
- Financial result	2,496	2,691
EBIT	-44,144	-131,116
+/- Exceptional personnel expenses	532	7,421
+/- Impairment losses on inventories	819	3,214
+ Expenses incurred in the context of M&A transactions	-	321
+/- Other non-recurring exceptional items	3,259	1,377
+/- Impairment losses on intangible assets, property, plant and equipment and right-of-use assets	23,734	105,528
Adjusted EBIT	-15,800	-13,255
+ Depreciation and amortization[2]	8,814	15,328
Adjusted EBITDA	-6,986	2,073
EBIT	-44,144	-131,116
+ Depreciation, amortization and impairment losses	32,547	120,855
EBITDA	-11,597	-10,261

1 Unaudited
2 Including write-down of acquired order book and impairment losses on inventories and other assets totaling EUR 132k (2023)

The non-recurring exceptional items adjusted in EBITDA and EBIT in the 2024 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	Other	Total
Exceptional personnel expenses	-	532	532
Impairment losses on inventories	-	819	819
Other non-recurring exceptional items	-	3,259	3,259
Total EBITDA adjustments	**-**	**4,610**	**4,610**
Impairment losses on intangible assets, property, plant and equipment and right-of-use assets	23,734	-	23,734
Total EBIT adjustments	**23,734**	**4,610**	**28,344**

€ thousand	Impairment test	Other	Total
Cost of sales	6,255	819	7,074
Research and development expenses	4,066	-	4,066
Marketing and selling expenses	5,411	763	6,174
Administrative expenses	102	1,434	1,536
Other operating income	-	895	895
Other operating expenses	7,900	700	8,600
Total adjustments	**23,734**	**4,610**	**28,344**

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

€ 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	17,388	891	402	18,681
Administrative expenses	625	256	2,187	3,068
Other operating expenses	55,867	-	46	55,913
Total adjustments	**96,000**	**14,224**	**7,637**	**117,861**

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

Results of operations

In fiscal year 2024, Cherry generated revenues of EUR 110.4 million (previous year: EUR 126.6 million) and an adjusted EBITDA margin of -6.3 % (previous year: 1.6 %). Both figures thus fell short of both the previous year's results and the current forecast of October 22, 2024 (consolidated revenue: around EUR 120 million; adjusted EBITDA margin: around 3%). The consolidated net loss for the year amounted to EUR -45.5 million (previous year: EUR -126.9 million). In addition to operating losses, this was driven by non-cash impairment losses on fixed assets of EUR -23.7 million (previous year: EUR -96.0 million) as part of the impairment test and by special impairment losses on inventories of EUR -4.9 million (previous year: EUR -3.2 million).

Gross profit I (GPI) amounted to EUR 47.2 million (previous year: EUR 56.9 million), corresponding to a GPI margin of 42.8 % (previous year: 45.0 %). The decline in GPI of EUR 9.7 million is mainly due to the volume effect of EUR -7.2 million, which is attributable to the lower consolidated sales compared to the previous year, and to write-downs on inventories. of EUR -7.2 million, which is attributable to the EUR 16.0 million decline in consolidated revenue compared with the previous year, and to write-downs in inventories of EUR -7.3 million, which exceeded those of the previous year (EUR -6.1 million) by EUR -1.2 million. Adjusted for the effects of inventory write-downs, the GPI margins for the two fiscal years 2024 (50.6%) and 2023 (50.1%) are at a comparable level, although the individual segments performed very differently.

While GPI margins in the Gaming & Office Peripherals segment declined by -10,6 percentage points to 32.3% due to the high level of discounts, margins in the Digital & Health & Solutions segment rose significantly and, due to their higher weighting in consolidated revenue, ensured that the GPI margin adjusted for special items remained stable at Group level.

Gross profit II (GPII) amounted to EUR 23.9 million, up EUR 21.2 million or around 791% on the previous year. The GPII margin rose by 19.6 percentage points to 21.7 % compared with the previous year (2.1 %). The disproportionate increase in the GPII margin is mainly attributable to one-off non-operating special effects in connection with the impairment test and restructuring in the previous year (EUR 32.1 million). Special write-downs on non-current assets were also necessary in the past fiscal year, but at EUR 6.3 million, these were significantly lower than in the previous year. Adjusted for special items, the GPII margin was roughly on par with the previous year at 28.1% (27.5%). The losses in gross profit I, which were mainly due to lower revenues, were largely offset by lower personnel costs and reduced ongoing depreciation and amortization.

Research and development expenses were significantly lower than in the previous year (EUR 15.7 million) at EUR 11.4 million, a decrease of EUR 4.4 million. Both in the past fiscal year (EUR 4.1 million) and in the previous year (EUR 8.1 million), this figure included special effects that were adjusted in the result. Of this amount, around EUR 4.1 million was attributable to impairment losses in connection with the impairment test, mainly relating to capitalized development costs (previous year: EUR 6.9 million). In the previous year, the figure also included the recognition of provisions for severance payments in connection with the restructuring in the amount of EUR 0.6 million and other special items in the amount of EUR 0.6 million. Adjusted for special items, research and development expenses decreased by around EUR 0.4 million, which is attributable in the main to lower ongoing depreciation and amortization as well as lower material costs. W. to lower ongoing depreciation and amortization as well as lower material costs. The lower material costs are mainly due to higher capitalization of development costs of EUR 5.1 million (previous year: EUR 3.6 million).

Marketing and sales expenses were also significantly below the previous year's level (EUR 43.7 million) at EUR 30.9 million. Here too, special effects from value adjustments as part of the impairment test are included and amount to EUR 5.4 million (previous year: EUR 17.4 million), of which EUR 4.4 million related to the brand (previous year: EUR 14.6 million) and EUR 1.1 million to the customer base (previous year: EUR 2.5 million). In terms of value, these were also significantly below the previous year's level. In addition, other special effects amounting to EUR 0.8 million are included in the fiscal year just ended. In the previous year, provisions for restructuring amounting to EUR 0.9 million and other special effects amounting to EUR 0.4 million were included. Adjusted for special items, marketing and sales costs were EUR 0.3 million lower than in the previous year. The decline is mainly due to the reduction in personnel costs and savings from ongoing depreciation, which were partially offset by the increased share of e-commerce business, which led to an increase in material costs.

Administrative expenses amounted to EUR 17.4 million, down EUR 1.3 million on the previous year (EUR 18.7 million). Adjusted for special items from value adjustments in connection with the impairment test in the amount of EUR 0.1 million (previous year: EUR 0.6 million), other special items amounting to EUR 1.4 million (previous year: EUR 2.2 million) and the recognition of provisions in connection with the restructuring in the previous year (EUR 0.3 million), administrative expenses rose by EUR 0.2 million compared with the previous year. The main reason for this is the increase in costs for the auditor and external consultants in connection with the preparation of the restructuring report, due in part to the deterioration in the company's economic situation.

Other operating income and expenses amounted to EUR -0.5 million (net expense), down EUR 0.7 million on the previous year (EUR 0.2 million (net income)). The main reason for this was the termination of a lease agreement that had already been concluded.

Due to the current business development and subdued short- and medium-term expectations, a goodwill impairment loss of 7.9 million (previous year: EUR 55.9 million) is recognized and reported as a separate item in the statement of comprehensive income. This only affects EBIT and has been adjusted accordingly.

The earnings figures EBITDA and EBIT are reported with and without adjustments. The adjustments to EBITDA in the past fiscal year (total: EUR + 4.6 million) mainly relate to costs associated with personnel changes in management (EUR +0.5 million), value adjustments to inventories (EUR +0.8 million) and other one-time special effects (EUR +3.3 million), which are related to external consulting and other services for the realignment of the Group. The total adjustments to EBIT amount to EUR + 28.3 million. The total adjustments to EBIT amount to EUR + 28.3 million. The adjustments to EBIT consider additional one time items that do not affect EBITDA, such as impairment losses on intangible assets, property, plant and equipment, and rights of use in connection with the impairment loss of EUR 23.7 million.

The financial result amounted to EUR -2.5 million (previous year: EUR -2.7 million). The decline in interest expense resulting from the decrease in outstanding financial liabilities was largely offset by lower interest income due to reduced cash and cash equivalents and by processing fees of EUR 0.1 million in connection with the amendment of the loan agreement with UniCredit Bank GmbH, Munich.

Financial position of the Cherry Group

Cash flow from operating activities amounted to EUR 2.8 million, an improvement of EUR 30.7 million compared to the previous year (EUR -27.9 million). The improvement was mainly driven by a decline in trade working capital and operational improvements in cash-generating operating expenses, which were mainly driven by a reduction in headcount.

Trade working capital (TWC), the balance of inventories and current trade receivables and payables, decreased by EUR 25.8 million to EUR 49.4 million in the past fiscal year (previous year: EUR 75.2 million). Short-term trade receivables amounted to EUR 20.1 million, down EUR 10.6 million on the same period of the previous year. This was due, on the one hand, to lower sales revenues in the fourth quarter of the past fiscal year, which at EUR 26.3 million were significantly below those of the fourth quarter of the previous year (EUR 37.9 million). On the other hand, active efforts were made to reduce DSO (days sales outstanding) as part of cash flow and working capital management. Inventories were also significantly reduced through active inventory management and sales measures. Adjusted for inventory valuation effects in the past fiscal year (EUR 7.3 million), inventories were reduced by EUR 7.6 million in operational terms and amounted to EUR 53.7 million as of December 31. Current trade payables, on the other hand, increased by EUR 6.5 million to 24.3 million, which is mainly attributable to reporting date effects.

Cash flow from operating activities also included severance payments of EUR 4.8 million that were payable as a result of the restructuring measures in the past fiscal year.

Cash flow from investing activities amounted to EUR -9.1 million (previous year: EUR -10.8 million). In the past fiscal year, investments were mainly made in intangible assets in the form of capitalized development costs. At EUR 5.1 million, these were slightly above the previous year's level (EUR 4.2 million). In addition, EUR 3.2 million was invested in machinery and tools (previous year: EUR 3.1 million), of which EUR 1.6 million was attributable to China as part of the relocation of production of the MX2A switch.

Cash flow from financing activities amounted to EUR -23.6 million (previous year: EUR -7.9 million). The change in cash outflow from financing activities was mainly due to the pro rata repayments of the loan of EUR 20.0 million to UniCredit Bank GmbH, Munich, in the first half of 2024. Approximately EUR 4.6 million was attributable to the repayment of lease liabilities relating to the production facilities at the Auerbach site, the rent for the administration building and production hall there, and vehicles. W. relate to the production facilities at the Auerbach site, the rent for the administrative building and production hall there, and vehicles. Cherry received countercurrent inflows of approximately EUR 1.3 million and CNY 10.0 million from the raising of loans in China.

Bank balances amounted to EUR 16.4 million as of the balance sheet date (previous year: EUR 46.1 million). The credit line granted to Cherry by UniCredit Bank GmbH, Munich, to cover operating liquidity requirements totaling EUR 25.0 million was fully drawn as of the reporting date. In addition, Cherry had two credit lines of EUR 0.7 million each available through its group company Zhuhai Cherry Electronics Co. Ltd, Zhuhai City (China), to cover the group company's operating liquidity requirements, which were fully drawn as of the balance sheet date.

Principles and objectives of financial management

Cherry SE has access to external sources of financing in the form of the issuance of shares, short- and long-term loans, and the financing of individual assets through leasing agreements. The Group primarily finances its activities from internal sources, primarily through the use of retained earnings, if any.

The company's ability and intention to pay dividends in the future depends on its financial position, business results, capital requirements, investment alternatives, strategic plans, and risks that the Management Board and Supervisory Board consider relevant. The proposal of the Management Board and Supervisory Board regarding dividend payments is subject to the approval of the Annual General Meeting. The company assumes that the main source of financing for the payment of dividends, if any, will be interest and similar income generated by it, as well as dividends and other payments received from its current and future subsidiaries.

Due to the company's current economic situation, improving the liquidity situation is a top priority. The Management Board therefore plans to allocate future distributable profits to retained earnings in order to strengthen internal financing and use the cash generated for ongoing business operations and the organic and inorganic development of the business.

The Management Board will therefore not propose a dividend payment to the Annual Shareholders' Meeting.

Net assets position of the Cherry Group

The consolidated balance sheet total as of December 31, 2024, amounted to EUR 168.1 million and decreased by EUR 70.5 million or 29.5 % compared to the previous year (EUR 238.6 million).

Considering current depreciation, amortization, and impairment losses, non-current assets amounted to EUR 74.3 million as of the balance sheet date, representing a decrease of EUR 23.4 million or 23.9 % below the previous year's figure of EUR 97.7 million. This is mainly attributable to the necessary value adjustments in the impairment test in accordance with IAS 36, which amount to a total of EUR 23.7 million. Of this amount, EUR 7.9 million is attributable to goodwill recognized in the balance sheet. Since the impairment requirement in the individual CGUs (cash generating units) partially exceeds the goodwill, the impairment requirement exceeding the goodwill was allocated proportionally to the other fixed assets. This results in a further impairment loss on intangible assets of EUR 9.2 million. Of this amount, EUR 4.4 million relates to the brand, EUR 3.0 million to capitalized development costs, EUR 1.1 million to the customer base and EUR 0.7 million to concessions, property rights and licenses. In addition, the impairment test on property, plant, and equipment and rights of use resulted in value adjustments totaling EUR 6.6 million.

Current assets amounted to EUR 93.8 million and decreased by EUR 47.0 million or 33.4 % compared to the previous year (EUR 140.9 million). The main driver is a reduction in bank balances by EUR 29.7 million to EUR 16.4 million, which is mainly due to a pro-rata repayment of the loan to UniCredit Bank GmbH, Munich, in the amount of EUR 20.0 million and investments in the amount of EUR 9.1 million. Furthermore, trade receivables decreased by EUR 10.6 million to EUR 20.1 million compared to the previous year.

As of the balance sheet date of December 31, 2024, Cherry had a long-term loan of EUR 25.0 million with UniCredit Bank GmbH, Munich, which was drawn in full as of December 31, 2024. The loan amounted to EUR 45.0 million at the beginning of the fiscal year. Following a breach of the financial covenants originally underlying the agreement in the third and fourth quarters of 2023, negotiations were held with UniCredit Bank GmbH, Munich, regarding the continuation and adjustment of the loan agreement. As part of these negotiations, it was agreed, among other things, to make an early pro rata repayment of EUR 20 million of the loan. This was made in two tranches of EUR 10 million each in January and May of the past fiscal year. In addition, as of the reporting date, Zhuhai Cherry Electronics Co. Ltd. had two external bank loans totaling CNY 10.0 million (EUR 1.3 million), which were newly taken out in the fourth quarter of the past fiscal year, as well as other immaterial loans.

Long-term liabilities increased by EUR 19.5 million compared to the previous year (EUR 27.5 million) to EUR 47.0 million. Last year, the loan of EUR 45.0 million with UniCredit Bank GmbH, Munich, was reclassified from non-current liabilities to current liabilities, as the bank had the right to call the outstanding loan amount early due to a breach of the contractually agreed financial covenants as of the balance sheet date of December 31, 2023. This circumstance was remedied in May 2024 by an amendment to the loan agreement. In addition, as described above, the original loan amount was repaid early in the course of the year in the amount of EUR 20 million, which reduced non-current liabilities by the same amount.

Current liabilities decreased by 50.9 % to EUR 43.7 million compared to the previous year (EUR 89.0 million). The main reason for this was the reclassification of the bank loan with UniCredit Bank GmbH, Munich, from current liabilities back to non-current liabilities in the current fiscal year, as described above. Furthermore, other non-financial liabilities decreased from EUR 10.2 million to EUR 3.2 million. This is mainly attributable to the severance payments made in 2024, which arose in connection with the restructuring carried out in the past fiscal year and were already provisioned in 2023 (EUR 5.8 million). On the other hand, current trade payables increased by EUR 6.5 million to EUR 24.3 million.

Balance sheet equity decreased by EUR 44.6 million to EUR 77.5 million compared to the previous year. This was primarily due to the negative consolidated result for the reporting period of EUR -45.5 million, which included impairment losses on goodwill of EUR 7.9 million and other non-current assets of EUR 15.8 million, which were necessary as part of the impairment test in accordance with IAS 36. In addition, special write-downs of EUR 4.9 million were made on inventories, which mainly relate to keyboard switches and gaming and office peripherals.

Overall assessment of the Cherry Group's net assets, financial position, and results of operations

Business development was marked by considerable challenges and fell far short of our own expectations. With consolidated sales of EUR 110.4 million and an adjusted EBITDA margin of -6.3 %, economic development fell short of both the current forecast of October 22, 2024 (consolidated sales: around EUR 120 million, adjusted EBITDA margin: around 3%) and the previous year (consolidated revenue: EUR 126.5 million, adjusted EBITDA margin: 1.6 %).

Despite the restructuring measures already completed and additional cost-cutting measures initiated, the economic targets for the past fiscal year could not be achieved. The main reasons for this were the continuing weak demand for Cherry keyboard switches and the weakness of the German market for gaming and office peripherals. The Digital Health & Solutions segment, on the other hand, was the only one to grow compared to the previous year and achieve positive EBIT of EUR 9.5 million, but this was not enough to fully offset the operating losses of the other two segments (EBIT: -34.5 million).

The negative development in the past fiscal year and the resulting implications for corporate planning for the coming years led to a requirement for impairment charges on balance sheet assets in the amount of EUR 23.7 million in accordance with the impairment test under IAS 36. The low demand also led to a special impairment charge on slow-moving inventories in the amount of EUR 4.9 million. Taking into account the necessary value adjustments, Cherry posted a net loss for the year of EUR -45.5 million, which reduced equity on the balance sheet to EUR 77.5 million (previous year: EUR 122.1 million) and led to a significant deterioration in the equity ratio by 5.1 percentage points to 46.1% (previous year: 51.2%).

The past fiscal year was thus the third consecutive year of declining revenues and increasing losses for Cherry. The high losses of the past three years have had a significant negative impact on the company's financial position, particularly on its cash and cash equivalents. As of the balance sheet date of December 31, 2024, Cherry had bank balances of EUR 16.4 million, taking into account the proportionate early repayment of the loan from UniCredit Bank GmbH, Munich. The deterioration in the liquidity situation led to an even stronger focus on cash flow and working capital management. Trade working capital (the balance of inventories and current receivables and payables for goods and services) was reduced by EUR 25.8 million to EUR 49.4 million compared to the previous year (EUR 75.2 million), taking into account the special write-downs on inventories.

In addition to improving operating performance, the financial priorities are to maintain and optimize the company's liquidity situation. For this reason, Cherry's management, together with an external consulting firm, has developed a comprehensive restructuring plan that complies with the requirements of IDW S6 and was used to negotiate the continuation of financing with UniCredit Bank GmbH, Munich. On April 22, 2025, the existing loan agreement was amended, extending the term to December 31, 2027, among other things, under adjusted contractual terms. Detailed information on the restructuring plan and the amendment to the agreement can be found in section "4.2 Risk report" and in the supplementary report under "Events after the balance sheet date."

2.4. Non-financial performance indicators

Employees

The successful recruitment, development, and retention of qualified employees (hereinafter referred to uniformly as "employees" regardless of gender) is an important prerequisite for the long-term viability of the company and the successful implementation of its strategic and operational goals. The Executive Board has laid down the essential principles of the corporate culture in the Group-wide Code of Conduct.

The total number of employees (excluding members of the Management Board, trainees, interns and temporary staff) at the end of the 2024 fiscal year was 412 (previous year: 476).

These were distributed across geographical regions and functional areas as follows:

Number of employees by region

	Dec 31, 2024	Dec 31, 2023
Europe	277	364
Asia	117	98
North America	18	14
Total	**412**	**476**

Number of employees by function

	Dec 31, 2024	Dec 31, 2023
Production	92	136
Quality management	47	46
Materials management	63	67
Product management and development	60	62
Sales and marketing	90	98
Administration	60	67
Total	**412**	**476**

The number of employees in the excluded groups (management board members, trainees, interns, and temporary staff) amounted to 8 employees (previous year: 14 employees). The total number of employees in the Cherry Group was therefore 420 (previous year: 490). The number of full-time employees (FTEs) was 372 (previous year: 444).

No new employees were added through company acquisitions in fiscal year 2024 (previous year: 14 employees).

The decline is mainly attributable to the socially responsible reduction in personnel as part of the restructuring of the keyboard switch business, which took effect primarily in the past fiscal year.

The average number of employees during the fiscal year was 428 (previous year: 504 employees).

The proportion of female employees in the Group was 39.7% (previous year: 38.0%). The average age of all employees in the Group was 42.2 years, slightly below the previous year's level (42.5 years).

Personnel expenses amounted to EUR 29.2 million in the reporting period (previous year: EUR 40.0 million). The decline in personnel expenses is primarily attributable to the fact that expenses for severance payments and continued salary payments in connection with the restructuring were recognized in income in the previous year (EUR 5.8 million). There were no comparable expenses in 2024. In addition, the restructuring measures implemented led to cost savings in wage expenses.

As part of its training program, Cherry regularly conducts technical training courses, product training courses, and further training on legal and regulatory topics. Need-based training plays a key role in ensuring that qualified employees will continue to meet market requirements in the future. As of the balance sheet date, a total of 5 young people (previous year: 11) were undergoing training in professions such as industrial management assistants and mechatronics technicians.

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 participation 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 2024 fiscal year, Cherry SE generated a net loss for the year of EUR 79.7 million.

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

- As part of the impairment test of the carrying amounts of investments and receivables from affiliated companies carried out annually on the balance sheet date, an impairment loss was recognized on the investment in Cherry Europe GmbH and Cherry Peripherals GmbH in the amount of EUR 47.3 million in accordance with IDW RS HFA 10. This is attributable to reduced growth expectations, which resulted in a lower fair value compared to the carrying amount, which must be written down accordingly.
- Revenue amounting to EUR 17.6 million (2023: EUR 14.2 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 departments, such as HR, Finance, and Controlling.
- The expenses from the transfer of losses totaling EUR 26.5 million ((2023: EUR 25.7 million) resulted from the profit and loss transfer agreements with the affiliated companies Cherry Europe GmbH (EUR -25.6 million, prior year: EUR -22.8 million), Cherry Digital Health GmbH (EUR -0,7 million, prior year: EUR -2.3 million), and Cherry Peripherals GmbH (EUR -0.2 million , prior year: EUR -0.6 million).

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 functional currencies.

As of December 31, 2024, the credit lines granted to Cherry SE by UniCredit Bank GmbH, Munich, to cover operating liquidity requirements totaling EUR 25.0 million were fully utilized. In addition, as of December 31, 2024, there were guarantees of EUR 0.3 million, including a rental guarantee of EUR 300k and a customs guarantee of EUR 5k.

On April 22, 2025, Cherry SE and UniCredit Bank GmbH, Munich, agreed to extend the loan agreement on adjusted financing terms. The term of the agreement will be extended by one and a half years to December 31, 2027 (previously: June 30, 2026). In return, the loan amount will be reduced from EUR 25.0 million to EUR 23.0 million. Further details can be found in the supplementary report.

As of December 31, 2024, cash and cash equivalents amounted to EUR 0.2 million. As of December 31, 2024, Cherry SE held 1,110,284 of its own shares.

As of December 31, 2024, financial assets in significant amounts comprise the 100% stake in Cherry Europe GmbH, Auerbach, and Cherry Digital Health GmbH, Munich. The 100% stake in Cherry Peripherals GmbH, Munich, was written down in full as of December 31, 2024.

3.3. Net assets position of Cherry SE (HGB)

Total assets of Cherry SE decreased by EUR 74.4 million year on year to stand at EUR 85.8 million at the end of the reporting period (December 31, 2023: EUR 160.2 million).

Assets went down by EUR 30.8 million to EUR 0.2 million (2023: EUR 31.0 million) mainly due to the impairment loss recognized on the investment in Cherry Europe GmbH and Cherry Peripherals GmbH (EUR 47.3 million) and the significant reduction in cash at bank. In contrast, receivables from affiliated companies increased by EUR 3.3 million to EUR 50.0 million (2023: EUR 46.7 million), mainly due to the granting of or increase in intra-group loans.

The decrease in equity and liabilities was attributable to the net loss for the year amounting to EUR -79.7 million reflected in equity, which mainly resulted from the impairment loss recognized on the investment in Cherry Europe GmbH and Cherry Peripherals GmbH and the assumption of the losses of the subsidiaries Cherry Europe GmbH (EUR -25.6 million), Cherry Digital Health GmbH (EUR -0.7 million), and Cherry Peripherals GmbH (EUR -0.2 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 receivables from affiliated companies. Shares in affiliated companies, which are reported under financial assets, decreased by EUR 47.3 million due to the write-down of the investment in Cherry Europe GmbH and Cherry Peripherals GmbH. Cash at bank decreased to 0.2 million, EUR 30.8 million lower than one year earlier.

As of December 31, 2024, the equity ratio stood at 36.1 % (2023: 69.1 %). The decline is mainly due to the impairment loss recognized on the investment in Cherry Europe GmbH and the receivable from Cherry Peripherals GmbH as well as 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 intensified competitive situation in the keyboard switch business and weak demand for office peripherals in Germany, the operating business units continued to be severely impacted, resulting in an absorption of losses totaling EUR -26.5 million (2023: EUR -25.7 million).

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 be adapted to the current development of the company.

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 financial year 2025 year, the Management Board forecasts a net loss in the single-digit million range, mainly due to a negative income from investments.

4. REPORT ON OPPORTUNITIES AND RISKS

Opportunities and risks

As a global technology group operating in a highly competitive and dynamic market environment, Cherry is exposed to a number of risks that could affect its net assets, financial position, and results of operations. On the other hand, this market environment also offers Cherry market opportunities that could result in disproportionate growth.

Cherry's reporting is based on a careful assessment of risks and opportunities. Individual risk assessments are systematically recorded for the operating divisions, sales, production, procurement and logistics, human resources, information technology, legal and compliance, and finance. It cannot be completely ruled out that risks that are not yet known or are currently considered insignificant could have an additional impact on the net assets, financial position, and results of operations.

The following section reports on significant risks and opportunities that could have a significant impact on the Cherry Group's net assets, financial position, and results of operations, as well as on important changes in risks and opportunities compared to the previous year. In addition, the complete list of risks is presented in tabular form in accordance with our classification.

Cherry subdivides the existing risks into the areas of strategy 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 is appropriate and effective in view of the scope of the company's business activities and risk exposure. According to recommendation A.5 of the German Corporate Governance Code, companies should describe the main features of their overall internal control system and risk management system in their management report and comment on their adequacy and effectiveness. By definition, a risk is a possible future development or event that could lead to a negative (risk in the narrow sense) or positive (opportunity) deviation from Cherry's objectives.

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 %
1-2	very low	up to 10%
3-4	low	10% to 35%
5-6	medium	35% to 65%
7-8	high	65% to 90%
9-10	very high	over 90%

Extent of damage

Category	Probability of occurrence	in EUR
1-2	very low	up to 100,000 €
3-4	low	€ 100.000 to € 250.000
5-6	medium	€ 250.000 to € 500.000
7-8	high	€ 500.000 to € 3.000.000
9-10	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 risk management measures and compliance with internal controls

Risk principles (risk culture and risk management principles)

The Cherry Group pursues a distinct risk culture in all areas and has an open and active attitude toward risk. This includes a willingness to take risks, the ability to identify and assess risks, and the ability to manage risks appropriately. Cherry's risk culture is designed to promote innovation and growth in equal measures. The risk culture at Cherry therefore requires open communication and a positive error culture in which mistakes are seen as learning opportunities. In addition, clear responsibilities and processes for assessing and managing risks are established within the organization.

Risk management (RM) is an integral part of all decisions and business processes within the Cherry Group. We understand risks in the broadest sense as the danger of not achieving our financial and operational goals as planned and, in a narrower sense, of jeopardizing the existence of the company. In order to ensure the long-term success of the company, it is therefore essential to effectively identify and analyze risks and to limit them as far as possible through appropriate countermeasures. Our active risk management and early risk detection system also open up opportunities for us.

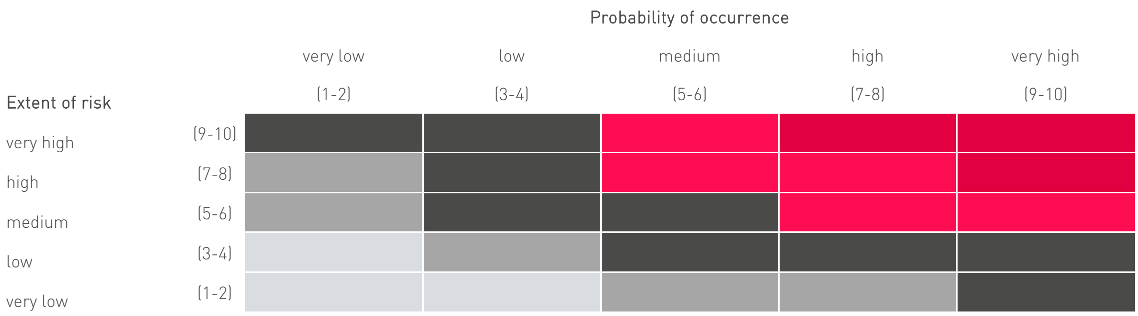
Cherry has a system of people, expertise, processes, and data analyses in place to monitor risks for the individual subsidiaries, the business units, and the entire Group. Cherry currently relies on centralized management reporting for performance controlling and ESG reporting, a whistleblower system, and the ongoing monitoring of key performance indicators in conjunction with a risk reporting system. The current business figures are derived directly from financial accounting, evaluated by Controlling, and made available to those responsible. Key figures such as sales, order intake and order backlog, and freely available liquidity are monitored in particular. All companies within the scope of consolidation are included in the reporting system.

Once a reporting threshold is reached (risk exceeding EUR 1 million and probability of occurrence exceeding 50%), these risks are included in the agenda of Management Board and Supervisory Board meetings. Similar risks at subsidiaries are identified through the close involvement of the responsible member of the Management Board of Cherry SE (who is usually also a member of the local management team) and monthly business reviews with all subsidiaries and business units.

As part of a risk inventory, all risks to our business are assessed and evaluated in terms of their probability of occurrence, the level of damage they could cause, and their impact on Cherry. This is done as required, but at least once a year, and the results are aggregated. Essentially, this includes risks whose occurrence would result in a deterioration of the net assets, financial position, and results of operations, but also 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 information and to review the adequacy of the risk management/early warning system. In addition, the Audit Committee also receives the associated opportunity and risk report as part of the consolidated financial statements for review.

Cherry may be exposed to further risks that are not currently known or that are not considered material at this point in time. The respective risk factor as the basis for the relevance of the risk is determined by multiplying the probability of occurrence by the potential amount of damage.

Risk classes



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:

1. Risk identification: This step identifies all potential risks that could have a negative impact on Cherry.
2. 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 itself is determined by multiplying the factors for the probability of occurrence and the possible quantitative amount of damage.
3. Risk aggregation: In this step, interdependencies and correlations are assessed and an overall risk position (gross risk) is determined by the risk manager.
4. 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.
5. Risk monitoring and review: In this step, the effectiveness of the measures implemented is monitored and any changes in the net risk are assessed. Adjustments must be made if necessary.
6. Risk Reporting: In this step, the risks are summarized in a risk report and reported in accordance with Cherry's specified communication channels. In addition to regular reporting, there is also ad hoc reporting. If the net risk exceeds EUR 1 million with a probability of occurrence of more than 50% or a significant deviation from the plan, a report is submitted to the Executive Board and the Supervisory Board. The same applies to sudden significant risks within the defined escalation process.

This process is carried out regularly as required, but at least once for the end of the fiscal year, to ensure that the company is adequately protected against potential risks and that Cherry can adapt quickly to changing circumstances. Effective risk management is intended to help promote Cherry's growth, minimize the risk of losses, and increase financial stability.

Cherry is constantly working to improve these formalized processes, which were introduced in connection with its 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) [unaudited]

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).

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 2024 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 2024. The scope of the system is constantly being further developed in line with requirements.

The existing individual areas 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, including integration into the ERP system
- 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
- 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 individual areas of the internal control system.

The risk management system and the internal control system are considered adequate for Cherry and are subject to continuous improvement.

4.1. Opportunities report

Opportunities

Following the market launch of MX2 switches and the implementation of restructuring measures in the past fiscal year, the Components segment offers Cherry the potential to regain lost market share in the keyboard switch business. The transfer of production of MX2 switches for Cherry partner products to a Chinese contract manufacturer was accompanied by a significant reduction in unit costs for switches in the relevant volume market. As a result, Cherry can now offer the switches at more competitive prices on the market. By focusing sales more strongly on direct OEM contracts, we also aim to strengthen our customer relationships and increase margins. With the imminent introduction of the MX3 switch, the successor to the MX2, and the successful launch of the MX Multipoint and MX Silent Clear, Cherry is once again closing the gap on its competitors. The planned introduction of further analog magnetic and inductive multi-point switches offers Cherry the opportunity to once again become one of the leading suppliers of keyboard switches. Various market analysts (e.g., MarketsandMarkets, Allied Market Research, etc.) continue to anticipate solid growth rates in the mid-single digit to low double-digit percentage range in the market for computer gaming peripherals for the fiscal years 2025 and beyond, which may have a positive impact on the growth expectations for Cherry's gaming switches. In addition, there is the possibility of expanding the potential market for the company's own switches and equipping office keyboards with Cherry switches in the future. The keyboard market in general is expected to grow at a CAGR of 6% between 2024 and 2028. This is based on the Mechanical Keyboard Market Analysis - US, China, Japan, Germany, UK - Size and Forecast 2024-2028 (technavio.com).

The forecasted market growth also opens up opportunities for Cherry in the gaming and office peripherals segment. The market is also driven by technological advances and global trends that promise ongoing new sales potential. Technical advances include mechanical design keyboards, wireless keyboards and mice, and customizable lighting, each of which enable greater user customization and improved functionality. The rising popularity of gaming and e-sports, on the other hand, is driving demand for specialized gaming keyboards featuring anti-ghosting and programmable keys. Global trends such as remote and hybrid work and online learning are generating continuous demand for sophisticated computer input devices across various user segments. Further opportunities in this segment arise from the development of new markets, the continued internationalization of our product portfolio, and the expansion of our network of distribution partners. By adjusting our sales structures and leveraging the associated synergies, simplifying our terms and conditions for our distributors, and generally restructuring our distributor and partner agreements, we see opportunities for growth as well as potential for improving margin quality.

Data and information security is of paramount importance, especially in certain industries such as the healthcare sector. In the German healthcare industry, Cherry is one of only two peripheral device providers with certified products that are eligible for further expansion of a secure telematics infrastructure in Germany in the coming years. The company considers the resulting business opportunities for the Digital Health & Solutions segment to be high. The confirmed introduction of e-prescriptions and e-patient records has increased sales potential for Cherry's e-health terminals and PIN pads, particularly in doctors' offices and pharmacies. In addition, there are significant opportunities arising from the initial re-equipment of certain target groups, such as care providers, midwives, and physical therapists, where Cherry continues to see considerable digital catch-up demand. In addition to hardware sales, the division also offers considerable potential for complementary software solutions. Thanks to the cooperation with DoctorBox, patients can already manage their prescriptions digitally. With the help of the SmartLink functionality, patients can now also send them directly from their smartphones to the pharmacy. Cherry also sees the security devices product area as a strategic target market, which, for example, biometric recognition methods or other exclusive access solutions enable the use of a keyboard or mouse. Cherry has a high level of certification expertise in both business areas, which can be considered a competitive advantage. In the hygiene peripherals business, Cherry sees considerable expansion potential in connection with the expansion of its partner and sales structure in Europe and the US. After its first full year of sales in North America, Cherry sees considerable untapped sales potential.

Overall assessment of opportunities

In all business segments, Cherry has opportunities to grow beyond its own expectations.

In the Components segment, unit costs in the important volume segment of MX2 switches were significantly reduced by shifting production to a Chinese contract manufacturer, which now enables more competitive price positioning. This can help to regain lost market share. Direct contracts with OEMs, rather than supplying through distributors, can strengthen customer relationships and increase margins at the same time. With the planned new product launches, which represent a significant advancement over the current line of switches, Cherry can catch up with the competition in terms of technology and regain its position among the market leaders.

The Gaming & Office Peripherals segment is driven by technical innovations and global trends that are having a positive impact on demand for computer peripherals. The growing market offers opportunities for new products that are even more closely tailored to customer requirements. Cherry closely monitors the market and its developments in order to meet market demand with its product innovations and thus enable positive business development. Further opportunities arising from the continued internationalization of the product portfolio, the expansion of the network of distributors and sales partners, and the development of new markets. The adjustments made to the sales structures themselves and the revision of distributor agreements, which also provide for a simplified terms and conditions model, will also help Cherry to realize additional potential.

In the Digital Health & Solutions segment, Cherry has the opportunity to further increase sales volumes for relevant hardware for telematics infrastructure thanks to the ongoing digitalization of the healthcare sector. In addition, Cherry has the opportunity in the e-health products segment to supplement its business model, which is currently still limited to hardware, with software solutions in the future, thereby generating recurring revenue. The cooperation with DoctorBox for the mobile use of e-prescriptions and the rollout of the SmartLink functionality, which allows patients to send their e-prescriptions to pharmacies via smartphone, for example, have already laid the foundation for this. However, these two areas of application are just two examples of the many possible future applications.

Cherry's Management Board is seeking to make the best possible use of the opportunities available to the company.

The strategic measures are aimed at improving Cherry's profitability, strengthening its position in the relevant markets, and expanding its sales activities in high-growth regions in a targeted manner. Optimized sales structures, among other things, should help to achieve this. The North American market in particular offers high long-term sales potential due to its size and low penetration by Cherry, as do the high-growth Asian markets.

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 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 related to not recognizing market trends	medium	high	high	low	▲
Risks related to reduced competitiveness	high	high	high	medium	▲
Risks related to a loss of cooperation partners	high	medium	medium	low	▲
Risks related to declining market demand	high	high	high	high	-
Risks related to new competitors entering the market	high	medium	high	high	-
Risks relating to market price erosion	high	medium	high	high	-
Risks relating to dependence on individual customers	high	medium	high	medium	▲

Risks relating to not recognizing market trends

Cherry is exposed to risks that market trends will not be identified or assessed correctly, or not in a timely manner. This could lead to a decline in sales and margins and weaken the company's competitive position. Cherry counters these risks with market studies and careful market analyses designed to identify trends and developments in the various business segments at an early stage. Nevertheless, Cherry was surprised by the sustained weak demand for computer peripherals since the summer holidays. In addition, the competitive situation in the Components business segment intensified further during the fiscal year. Cherry primarily develops premium products with functional and distinctive designs. These risks do not exist in the e-health products business, which is subject to regulatory requirements. However, due to its sales volume, the Digital Health & Solutions segment is not in a position to offset weaknesses in the Peripherals business. We now assess the risk from changing market trends as "high", which represents an increase compared to the previous year.

Risks relating to reduced competitiveness

In recent years, there has been a notable increase in the number of competitors, particularly in the Asian economic region. There are now several other serious contract manufacturers, especially in the keyboard switch business. Increasing competition is creating greater pressure to innovate. In order to remain competitive, high-quality and technologically advanced products are required. Cherry is constantly working on product improvements and enhancements, design improvements, technological adjustments, and new products. Cherry sees itself as a quality and technology leader in the premium segment. By investing appropriately in product development, Cherry ensures that it can offer a competitive portfolio. In addition, Cherry is increasingly focusing its in-house production on premium products and is examining ways of reducing costs through outsourcing in more competitive segments. The risks arising from a reduction in competitiveness are considered "high" due to the changed competitive situation, which corresponds to an increase compared to the previous year.

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 various areas. These may relate to the development of hardware and software solutions or to sales and marketing activities. There is a risk that existing cooperation partners may terminate or phase out their cooperation, for example against the backdrop of the company's economic situation. There is also the possibility that Cherry's cooperation partners themselves could get into financial difficulties or even become insolvent. When entering into cooperation agreements, Cherry takes care to ensure that synergies can be exploited without creating excessive dependencies. However, this risk can never be completely avoided. Against the backdrop of current economic developments, the risk is assessed as "medium", which represents an increase compared to the previous year.

Risks relating to declining market demand

The market volume of individual business segments may decline, leading to increased price pressure and falling margins. Potential reasons for declining market volumes include general economic developments, stronger competition (particularly from China), changes in customer demand, and changing market trends. The overall economic and political conditions in the sales regions in which Cherry primarily operates remain volatile. A downturn due to global economic and geopolitical changes in the operating environment cannot be ruled out in the future, particularly due to events such as the current wars in Ukraine and Israel. These risks are still considered "high" due to the current geopolitical developments, among other things.

Risks relating to new competitors entering the market

Due to social megatrends and developments in the IT manufacturing industry, particularly in Asia, new competitors are increasingly entering the market. Given the increasing number of competitors in the market, Cherry is susceptible to declining prices and margins, as well as a substantial supply surplus. This has had a significant negative impact on the keyboard switch business over the past two years, prompting

Cherry to respond with a structural realignment of the segment. To ensure Cherry's continued competitiveness in the market, it is essential to implement continuous system enhancements and new innovations. Cherry will maintain its own network and intensify business with existing customers to strengthen its position in the long term. Due to the ongoing developments in the competitive environment, the risks remain classified as "high".

Risks relating to market price erosion

Cherry is a medium-sized manufacturer of keyboard switches and computer peripherals for a variety of applications and has a diversified customer base consisting mainly of large international corporations. The majority of sales are generated with these large companies. In the future, large companies may increasingly purchase products from other suppliers at lower market prices. In the Components segment, market prices slumped sharply as a result of intense competition from the Asian economic area. Cherry countered this by restructuring the business unit, which included transferring production of MX2 switches for Cherry partner products to a Chinese contract manufacturer. This contributed to a significant reduction in unit costs, enabling prices to be repositioned in line with market conditions. In the Gaming & Office Peripherals segment, there was recently noticeable price erosion due to high inventories at distributors and the weak economic development in Germany and Europe in general. Cherry countered this by deliberately refraining from heavily discounted sell-in measures in the second half of the year. In the Digital Health & Solutions segment, Cherry currently sees no significant risk of price erosion, partly due to less intense competition. Overall, these risks are rated as "high", as in the previous year.

Risks relating to dependence on individual customers

Due to the specific characteristics of the market segments relevant to Cherry, the loss of existing customers can lead to sharp declines in the delivery business and thus have a significant impact on earnings. Cherry's sales continue to rely heavily on distributors, some of which generate up to 10% or more of the Cherry Group's annual revenue. The loss of individual customers may be due, among other things, to the business relationship becoming less attractive to the distributor, redistribution to competitors, insolvencies, and economic crises in general. Cherry is countering these risks by recently revising its sales and pricing structures, redesigning distributor agreements, expanding its sales partner network, and gradually expanding its e-commerce business. Work is ongoing to develop new sales potential and expand the service and product portfolio. Overall, these risks are assessed as "high", which, despite the measures already taken, represents an increase in risk compared to the previous year.

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	medium	-
Risks relating to the loss of Cherry-specific expertise	high	medium	high	high	-
Logistics and supply chain risks	medium	medium	medium	low	▲
Development and project risks	low	medium	low	low	-
Risks relating to the discontinuation of products	low	medium	low	low	-
Risks relating to dependence on individual suppliers	medium	medium	medium	low	▲
Risks relating to changes in technical specifications	low	medium	low	low	-
Risks relating to reduced product quality	medium	low	low	-	-

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

To ensure Cherry's long-term economic success, the achievement of its strategic goals, and the exploitation of existing market opportunities, the Group is represented by its own companies in many countries. The establishment or integration of a new company, as well as the development of new markets, involves risks in terms of economic, social, technological, ecological, and legal conditions. To minimize these risks, Cherry always conducts extensive legal and economic reviews (due diligence), as well as analyses of potential markets and market entry analyses, also with the assistance of external experts. Previous M&A activities and new market entries have proven that Cherry has already been able to exploit new potential and that the resulting opportunities have exceeded the anticipated risks. Compared to the previous reporting year, the company continues to assess the risks as "low".

Risks relating to competitive innovations

Due to social megatrends and developments in IT hardware, new competitors are increasingly entering the market, particularly in Asia. At the same time, growing competition is also increasing the pressure on competing companies to innovate. Cherry is therefore continuously working on the further development of its products, changes to product design, and new products and technologies in order to further strengthen its competitive position. An increase in the number of competitors also carries the risk of oversupply combined with declining prices and consequently lower margins. Cherry is continuously strengthening its sales by expanding its partner programs. Cherry intends to strengthen its position by maintaining its network and intensifying business with existing customers. The risks are assessed as "medium", unchanged from the previous year.

Risks relating to the loss of Cherry-specific expertise

The experience, individual skills, professional expertise, and qualifications of our employees are extremely important to Cherry's business success. The loss of key personnel can have a significant impact on ongoing projects and line functions, and thus on the functioning of the organization as a whole. Substitution arrangements are in place to minimize the impact of any loss of expertise, particularly in relation to projects and production. Due to the company's current difficult economic situation and as a result of the restructuring measures and the associated knock-on effect on the remaining workforce, a higher than usual staff turnover rate must continue to be expected at present. In the past fiscal year, a number of employees in key positions left the company. The labor market situation in Germany, and particularly in the Munich technology region, remains tense. Challenges remain in recruiting qualified personnel and retaining employees in the long term. The company's difficult economic situation makes it even more difficult to recruit new employees. Cherry is counteracting personnel risks with a long-term personnel policy, intensified personnel development measures, and various additional benefits. To support our employees and their families, Cherry offers various health management services, such as free health checkups. In addition, Cherry offers its employees a wide range of other benefits and a company collective agreement for employees at the Auerbach site. Cherry's measures help to mitigate the risks as far as possible. The situation has not eased compared to the previous year, which is why the risks continue to be classified as "high".

Logistics and supply chain risks

Cherry depends on suppliers in its supply chains to deliver products on time and in good quality. Most of these products are manufactured in Asia and shipped to Germany and the United States by sea freight. There is always a risk that such goods and products may be lost in their entirety or arrive late due to transport delays, thereby impairing Cherry's ability to deliver. There is also a risk that supply chains may be temporarily disrupted or interrupted by external influences, as was the case during the COVID-19 pandemic. To ensure that Cherry's ability to deliver is always guaranteed, inventory levels have been strategically adjusted and supply chains optimized accordingly. Last year, delivery times from Asia increased significantly again, to up to twelve weeks, which is roughly double the usual state. The main reasons for this are geopolitical tensions such as the war in Ukraine and the threat of attacks by Houthi rebels in the Red Sea. This has prompted the scheduling of alternative routes to avoid areas affected by the crisis. Consequently, the risk level has been re-evaluated as "medium," indicating an increase from the previous year.

Development and project risks

Cherry is constantly working to further develop and diversify its product range in order to strengthen its competitive position and make the best possible use of growth opportunities. In addition, Cherry attaches great importance to high-quality and technically leading products, which is why product development is mainly carried out in-house. Research and development involves high levels of investment. Risks arise mainly from projects failing or finished products not achieving the expected demand or sales volumes on the market and thus not covering the investments made. Cherry counteracts these risks through extensive market and competition analyses and checks the feasibility of individual projects. In addition, Cherry has its own technology hubs and works with cooperation partners in some areas. As in the previous year, the risks associated with incorrect product decisions are considered to be "low".

Risks relating to the discontinuation of products

Price and cost fluctuations in procurement markets result from material shortages and delivery difficulties for various raw materials. Microchips and semiconductor products are particularly affected by this. In addition, risks arise from sometimes high fluctuations in material costs, partly due to the ongoing crises, as well as from the discontinuation of components and parts. Cherry counteracts these risks with framework agreements, early stockpiling, and professional materials management. Where appropriate, sufficiently high inventory levels are maintained to ensure delivery capability. Cherry diversifies its procurement by certifying different suppliers in order to reduce its dependence on individual suppliers. Compared to the previous year, the risks have not changed and continue to be assessed as "low".

Risks relating to dependence on individual suppliers

Cherry sources raw materials, components for the manufacture of its own keyboard switches and keyboards, and finished peripheral devices from various suppliers and contract manufacturers. Risks arising from dependence on suppliers arise when Cherry has only one source of supply for a material or product and a short-term change of supplier is not possible, very costly, or involves high costs. Cherry reduces these risks by systematically developing multi-source solutions for critical materials and items in order to prevent its business from being severely affected by the loss of a single supplier. The relocation of a large part of switch production to a Chinese contract manufacturer has further increased dependencies. In addition, the generally weaker economic situation means that there is an increased risk of individual suppliers defaulting. However, no imminent defaults are known at present. Compared to the previous year, the risk assessment has been raised to "medium".

Risks relating to changes in technical specifications

Risks arising from changes in standards and regulations relating to our components, parts, and products may result in damage due to a loss in value of the goods affected, as well as costs arising from rework and any necessary recertification. These risks can be minimized through timely testing, long-term planning, and planning geared toward customer benefits; however, it is not possible to completely eliminate these risks. Based on past experience, the company nevertheless continues to assess the risks as "low" compared to the previous year.

Risks from reduced product quality (new)

Due to the high pressure of innovation and competition and our dependence on suppliers from East Asia, there are increasing risks with regard to product quality, which we counteract with comprehensive quality controls and ongoing monitoring of our suppliers. In addition, we select our suppliers with great care and ensure that our high-quality requirements are fully met by our suppliers. So far, Cherry has been able to maintain the high-quality level of previous years with very low complaint rates, but it cannot be ruled out that increased quality risks may arise against the backdrop of competitive pressure and ever shorter product development cycles. We currently consider the overall risk to be "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 and trade restrictions	high	medium	medium	low	▲
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 date security	low	high	medium	medium	-
Risks relating to a breach of data protection legislation	low	medium	low	low	-

Risks relating to sanctions and trade restrictions

In view of the economic sanctions imposed on companies and individuals in the Russian Federation and its allies, there are increased risks of violating the sanctions measures. Cherry is not active in the sanctioned areas, either on the procurement side or on the sales side. The legal department carefully checks all customers and suppliers. Nevertheless, indirect deliveries to the sanctioned area cannot be ruled out. Furthermore, misuse of Cherry products cannot be completely ruled out. In addition, there are currently significant risks relating to restrictions on free trade, e.g. in the form of punitive tariffs. The EU tariffs recently imposed on imports of electric vehicles from China pose significant risks for the European automotive industry. Since Donald Trump was re-elected President of the United States of America, he has repeatedly threatened to increase tariffs on various trading partners, including China and Europe. Due to the erratic and unpredictable policies of the current president, the impact on Cherry cannot be specified at this time. If tariffs on imports from China and the EU remain in place, competitiveness would have to be reviewed; in any case, there would be an impact on pricing and sales development in the US. Cherry was not directly affected by the introduction or increase of tariffs in the past fiscal year, but due to the unpredictability of US tariff policy, there is currently an increased risk that Cherry will be directly or indirectly affected by the impact of new punitive tariffs in the near future. The risks have therefore increased to "medium" compared with the previous year.

Risks relating to legal disputes and breaches of antitrust law

Cherry SE and its subsidiaries are continuously exposed to legal risks in the course of their normal business activities. These risks may arise from legal disputes or from the violation of applicable rights and standards. Cherry is currently involved in only a few legal disputes. An in-house legal department was established in fiscal year 2023. Since then, legal proceedings have been handled by the Group's own lawyers. In addition, the legal department monitors all contracts and agreements and conducts regular compliance training. Cherry believes that the outcome of all currently pending proceedings will not have a material adverse effect on our business activities. However, claims and legal disputes are inherently uncertain, making it difficult to reliably estimate their financial impact, and the current assessment is therefore subject to change at any time. Overall, these risks continue to be assessed as "low".

Risks relating to the infringement of trademark rights and intellectual property

Like most other companies, Cherry has registered and protected trademarks and patent rights. There is a risk that the development of new products and brands may unknowingly infringe the intellectual property rights of other companies. This could result in damage to the company in the form of damages, license fees, and wasted investments, among other things. Cherry addresses this by conducting comprehensive research into existing intellectual property rights and employs staff who specialize in trademark and patent law. Cherry attaches great importance to business etiquette and compliance. In the event of legal disputes, the company is represented by its own legal department and, if necessary, by specialized lawyers. Overall, the risks are still rated as "low".

Risks relating to fraud, cybercrime, and data security

In view of growing cybercrime, there are increased risks of a security incident involving data loss and manipulation through the intrusion of unauthorized third parties via the infrastructure used, such as the network, software, and tools. In addition, there are risks of targeted attacks for data theft or extortion through data encryption. Despite the implementation of extensive technical and organizational measures and regular awareness training for employees, residual risks with a significant extent of damage cannot be completely ruled out. Thanks to two-factor authentication and other security measures that are continuously updated and improved, the company considers itself well equipped to deal with all types of cybercrime. Due to access restrictions to the business premises, comprehensive internal controls and regular compliance training, the migration of IT systems to a cloud environment, and other security-related measures, Cherry assumes that the risks from fraud and cybercrime remain unchanged from the previous year at "medium".

Risks relating to a breach of data protection legislation

Cherry works with personal data in many areas of the company, mainly relating to customers, suppliers, and its own employees. In day-to-day work, there are risks that personal data could become accessible to unauthorized third parties. In addition to targeted hacking attacks, this could also happen through the careless use of data by employees. Cherry has comprehensive measures in place to prevent the misuse of personal data. These include authorization concepts, regular data protection training, and support from an external data protection agency. Cherry continues to consider itself well positioned in this area and assesses the overall risk as "low".

Financial risks

The financial risks have deteriorated overall due to the company's current economic situation. In addition, new risks arising from a reduction in the company's creditworthiness have been included in the risk portfolio.

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	high	very high	very high	very high	-
Tax-related risks	low	medium	low	low	-
Liquidity risks relating to working capital	high	high	high	low	▲
Price increases and inflation risks	medium	low	low	medium	▼
Risks due to reduced creditworthiness	high	high	high	-	-

Interest rate and liquidity risks relating to loans

In the past fiscal year, Cherry used a variable-rate loan from UniCredit Bank GmbH, Munich, for working capital financing, which is subject to compliance with contractually defined financial covenants. In connection with the breach of the net leverage ratio covenant in the third and fourth quarters of 2023, an amendment to the existing loan agreement was agreed with UniCredit Bank GmbH, Munich, on May 3, 2024, in order to avoid early repayment by the bank. of EUR 20.0 million in the first half of 2024 and the additional agreement of a new liquidity covenant. This significantly reduced the amount of available liquid funds. Due to the development of sales and earnings, particularly in the second half of 2024, the company's liquidity situation has further deteriorated and the sharp rise in interest rates since the start of the agreement as a result of the deterioration in creditworthiness have significantly increased Cherry SE's refinancing costs. On April 22, 2025, a new agreement was reached with UniCredit Bank GmbH, Munich, on an adjustment and extension of the loan on adjusted financing terms until December 31, 2027. The amendment to the agreement provides, among other things, for another pro rata early repayment of the loan amount of EUR 2.0 million. This will further reduce the available liquidity. The Management Board is currently working intensively on measures to improve liquidity. Risks arise from the high dependence on the loan, which is Cherry SE's main source of financing. Alternative financing is difficult due to the current economic situation. Due to the current weak business development caused by macroeconomic and geopolitical uncertainties, there is a risk of a breach of the financial covenants, which would again entitle UniCredit Bank GmbH to demand early repayment of the outstanding loan amount. Should this occur and the bank exercise its right in this case, this could lead to insolvency if no alternative financing option were available at that time. In view of the amended loan agreement with the newly agreed liquidity covenant, liquidity risks are classified as "very high", unchanged from the previous year.

Tax-related risks

The Cherry Group operates worldwide in various countries and is therefore subject to numerous tax regulations. Due to differing interpretations, particularly of cross-border issues, by the tax authorities in the various jurisdictions, negative effects on the net assets, financial position, and results of operations cannot be ruled out, especially if the regulations are unknowingly not complied with. However, based on past experience, the company currently continues to assess this risk as "low".

Liquidity risks relating to working capital

In the current situation (e.g., dynamics on the procurement markets), Cherry is ensuring its ability to deliver and meet its delivery commitments with high inventory levels and can counteract the risks arising from the increased price level. Nevertheless, inventories tie up capital and can have a negative impact on liquidity. For this reason, measures to reduce inventories in a targeted manner were taken and successfully implemented during the course of the year. Nevertheless, inventory levels remain too high in relation to consolidated revenue, and the reduction is proceeding more slowly than expected. Progressive product aging also reduces the opportunities to sell the goods in stock profitably on the market. Liquidity risks also arise from pre-financing, as contractually agreed payment terms may change adversely over time. Bad debt losses are counteracted by active receivables management. As a matter of principle, the Group only enters into transactions with recognized, creditworthy third parties. All customers who wish to enter into credit-based transactions with the Group are subject to a credit check. The majority of Cherry's customers are commercial customers, generally wholesalers and retailers in the electronics industry. The proportion of business activities with private customers is low. There are no default risks arising from business with private customers, as goods are only shipped after payment has been received. Identifiable default risks with business customers are recognized through individual value adjustments and were not significant in the past. Despite extensive measures and controls, the company currently assesses the liquidity risks arising from inventory build-up, pre-financing, and overdue receivables as "high", which corresponds to an increase compared to the previous year.

Price increases and inflation risks

The aforementioned market risks, such as increasing dynamics, shorter component discontinuation intervals, and rising prices in procurement markets, are generally exacerbated by inflationary risks and also affect personnel costs, for example in the form of pay increases. The recent high rates of price increases, which developed primarily in 2023 as a result of the COVID-19 pandemic, were already declining sharply in the course of 2024. Current expectations regarding inflation rates in the major global economic regions relevant to Cherry, namely the US, Europe, and China, are in a range of around 2% to 3% for 2025, depending on the forecasting institute for the 2025 calendar year (see forecasts: IMF, OECD, ECB). Cherry is taking measures to help mitigate the effects of general price increases and inflation-related price increases. However, it has no direct influence on the actual cause. Cherry closely monitors the productivity of its sites and cost developments and compares these between sites. Cherry is not active in markets with above-average inflation risks, such as Türkiye or South America. Cherry counters the risks of price increases with a diversified procurement system. In addition, Cherry attempts to offset its own price increases as best as possible by raising its own market prices. Due to the recent significant decline in inflation rates, the risks of price increases and inflation are assessed as "low" overall and are therefore lower than in the previous year.

Risks due to reduced creditworthiness (new)

As a result of the company's deteriorated financial position, it is becoming increasingly difficult to maintain existing partnerships or conclude contracts with potential new business partners. The main reasons for this are Cherry's reduced creditworthiness and the associated increased risks for our contractual partners. Due to the declining creditworthiness, they may allow contracts to expire, not renew them, terminate them or, in the case of potential new business partners, not conclude them in the first place. Cherry's business model depends on strong partnerships in many areas. This applies in particular to purchasing, sales, and external financing. Cherry develops most of its products in-house, but in many cases relies on external contract manufacturers for production. If a contract manufacturer were to terminate the business relationship, there would be a risk that certain products would no longer be available. In the case of sales, a major distributor could terminate the cooperation, which would have an immediate impact on sales. In the area of financing, the problem is that it is considerably more difficult to obtain alternative forms of financing (e.g., factoring) and additional liquid funds. Due to recent business developments, this risk has been newly included in the risk portfolio and classified as "high".

Overall assessment of the risk situation

Cherry does have a number of opportunities that could have a positive impact on its expected business performance. However, the risks, some of which have increased significantly over the course of the year, mean that Cherry no longer has a balanced risk/reward profile and that potential risks outweigh potential opportunities.

Opportunities for growth in the company and profitability arise in the Components segment through a reduction in unit costs in the volume segment of MX2 switches and through new product launches, which could enable Cherry to once again outperform the competition in terms of technology and regain market share.

The Gaming & Office Peripherals segment will continue to be driven by ongoing technological developments and trends in the areas of hybrid and remote working, online learning, gaming, and e-sports. The further globalization of the business model, the adaptation of sales structures, and the realignment of distributor and partner agreements are intended to enable better utilization of existing market potential. In addition, the focus will be placed even more strongly on the North American market, where Cherry remains underrepresented and which offers considerable potential due to its size, provided that the potential trade war between the US and China does not ruin this.

Sales of e-health products in the Digital Health & Solutions segment are benefiting from the mandatory introduction of new specialist applications for the use of telematics infrastructure in 2024 (e-prescriptions, e-patient records). In addition, this area offers opportunities to supplement the hardware offering with additional software solutions in the future and to implement rental models in order to generate recurring revenue in the medium term. However, due to the current political developments, which are difficult to assess, and the threat of tariffs, uncertainties in the North American market are very high.

Despite the existing opportunities, the company is currently exposed to some high risks.

The financial risks relate primarily to the company's liquidity. Cash and cash equivalents fell sharply again during the year, following a partial repayment of the loan to UniCredit Bank GmbH, Munich, mainly due to the negative result for the period, investments made and the repayment of lease liabilities.

The company's economic situation had already deteriorated significantly in fiscal year 2023. As a result, the contractual financial covenants of the loan agreement with UniCredit Bank GmbH, Munich, through which the company is primarily refinanced, were breached several times in the previous year. This entitled the lender at that time to demand early repayment of the outstanding loan amount. In order to secure the continued financing of Cherry's business activities, adjusted financing terms were negotiated with the lender. The last amendment to the agreement was made on April 22, 2025, based on the restructuring report prepared by Bachert & Partner in accordance with IDW S 6. This ensures the continuation of financing under adjusted terms until December 31, 2027. Due to the increased default risk for the bank, the interest rate has risen significantly since the agreement was signed, making further refinancing of the company very expensive.

Due to the company's current tight liquidity situation, there is also a risk that the new financial covenants currently underlying the loan agreement could be breached. This would again entitle the lender to demand early repayment of the outstanding loan amount. Should this occur and the bank exercise its right, this could lead to insolvency if no alternative financing option were available at that time. Due to these circumstances, the Management Board believes that there is significant uncertainty regarding the company's ability to continue as a going concern (going concern risk).

Due to its high working capital, the company has a large amount of tied-up capital. The high level of inventories, which are being reduced much more slowly than planned and are increasingly losing value as products age, is proving problematic here.

The reduced creditworthiness poses high risks for the company's future business activities, as business partners could allow contracts to expire or even terminate them. Establishing new business relationships is proving increasingly difficult, as contracts may be rejected due to negative credit checks. There is a risk that suppliers may switch to prepayment terms due to the company's situation.

Cherry is also exposed to strategy and market risks that may affect its sales revenues and margins. There are risks that market trends will not be recognized in time, resulting in a loss of competitiveness in the medium term, as was the case in the keyboard switch business prior to restructuring. The main reason for this is increasing competitive pressure from China, which is mainly due to rapid technological progress in the Chinese economy combined with significant local cost advantages. As a result, the number of competitors has also risen significantly in recent years. Although growth potential is expected for all three business segments, there is a risk of volatile demand, particularly in the Gaming & Office Peripherals segment. In this regard, despite its partially successful efforts to expand its sales network, Cherry remains heavily dependent on a few distributors, particularly in the German market.

In addition, there are currently higher operational risks arising from the loss of Cherry-specific expertise. The economic situation of the company and the restructuring measures may lead to uncertainty among employees and, as a result, to a temporary increase in the turnover rate. Due to the current tense situation on the labor market, it may be difficult to find high-quality replacements for key positions at short notice. Cherry is countering these risks with a long-term human resources policy, intensified personnel development measures, and various additional benefits. Nevertheless, some employees in key positions left the company during the fiscal year. Despite the economic conditions, Cherry remains committed to being an attractive employer in order to attract and retain talent in the long term.

Despite the currently high level of risks, the company's risk-bearing capacity is still considered adequate. Cherry endeavors to prevent existing risks as far as possible, to avoid them if possible, or to reduce their potential damage by taking appropriate countermeasures.

The Management Board assumes that, despite the mitigation measures taken and the company's calculated viability, there may be risks which, individually or collectively, could jeopardize the continued existence of the company (so-called "going concern risk") —in particular due to its dependence on financing from UniCredit Bank GmbH, Munich, in connection with the risk of a possible renewed breach of the financial covenants underlying the agreement, as well as from the current earnings and liquidity situation.

For this reason, a comprehensive restructuring plan was drawn up in cooperation with Bachert & Partner in accordance with IDW S6 guidelines, which confirms the company's full financing for the years 2025 to 2027, taking into account the implementation of various short-term and structural measures. Uncertainties in this regard may arise from further business developments and from the implementation and effectiveness of the measures contained in the report.

In order to ensure the best possible implementation of the measures, an external CRO has taken up his position at Cherry SE with effect from April 7, 2025. His focus will be on coordinating and monitoring the implementation of the measures and supporting management in liquidity planning. If necessary, he will assist the Management Board in developing additional measures.

Due to the company's strong focus on implementing the restructuring plan and the possibility of developing further measures that are not yet included in the report, the Management Board is highly confident that the company will be able to continue as a going concern in the 12 months following the issuance of the audit opinion on the 2024 consolidated financial statements by the auditor RSM Ebner Stolz.

5. OUTLOOK REPORT

5.1. Macroeconomic and sector-specific outlook

The International Monetary Fund (IMF) expects moderate global economic growth of 3.3% in both 2025 and 2026. This means that the global economy will remain stable, but still below the long-term average growth rate of 3.7% recorded between 2000 and 2019. Growth expectations for the various economic regions vary considerably. While China is expected to see above-average growth of 4.6% in 2025 and 4.5% in 2026, mainly due to government stimulus measures, the expectations for the US (2025: 2.7%, 2026: 2.1%) and for the eurozone (2025: 1.0%; 2026: 1.4%) are in some cases significantly below the global average. For Germany in particular, Cherry's home country and largest sales market, the IMF's growth forecasts of 0.3% for 2025 and 1.1% for 2026 are once again lower than the eurozone average.

While a gradual recovery is emerging in many regions, structural challenges remain and, above all, geopolitical risks are currently limiting growth potential. The economic environment is particularly influenced by monetary policy developments, inflation, and global trade relations. Protectionist tendencies and geopolitical tensions could weigh on international trade and dampen investment. At the same time, technological progress, particularly in the areas of artificial intelligence and renewable energies, remains an important driver of economic growth.

According to IMF forecasts, inflation, which rose sharply in recent years, is likely to continue to weaken in the economic regions relevant to Cherry. Falling energy prices and more moderate demand are helping inflation in many countries move closer to central bank targets. Nevertheless, monetary policy uncertainties remain, as premature easing of interest rate policy carries the risk of new inflationary pressures.

Sector-relevant perspectives

Cherry continues to expect varying market developments and industry-specific conditions in its Gaming & Office Peripherals, Digital Health & Solutions, and Components business segments. Evidence-based decisions and the strategic development of the individual business segments are based on internal and external analyses of segment-specific market developments.

The market for office peripherals is poised for continued growth, driven by the ongoing shift towards flexible working arrangements and rapid technological advances. As companies continue to value efficiency and adaptability, investment in state-of-the-art office equipment is expected to increase in order to boost productivity in various work environments. At the same time, the personal use segment is expected to experience remarkable expansion, driven by individuals seeking to optimize their home office setups for maximum comfort and performance.

Meanwhile, the global gaming peripherals market is on track to witness remarkable growth in the coming years. According to the report "Global Gaming Peripherals Market Outlook" published by Expert Market Research in December 2024, the market was valued at approximately USD 5.4 billion in 2024 and is expected to grow at a robust compound annual growth rate (CAGR) of 10.3% from 2025 to 2034, reaching an estimated USD 14.3 billion by 2034. This upward trend is primarily driven by the growing popularity of immersive and hyper-realistic gaming experiences, which further fuels demand for high-performance peripherals such as gaming headsets, precision mice, and advanced mechanical keyboards. As gaming technology continues to evolve and consumer expectations rise, manufacturers are expected to develop further innovations, contributing to the dynamic expansion of the market. As expected, the global market for keyboard switches stabilized in fiscal year 2024, slightly exceeding the level prior to the COVID-19 pandemic. The volume segment in particular is subject to intense competition, which is largely dominated by Chinese suppliers. At the same time, there is a clear trend towards ever shorter switch life cycles, which further increases the demands on innovation and adaptability.

A further recovery of the keyboard switch market is generally expected for 2025. The mechanical keyboard switch segment in particular has seen steady growth in recent years. This trend is being driven primarily by rising demand for high-performance, durable keyboards, especially in the gaming, programming, and content creation sectors. Analog keyboard switches, which go beyond conventional mechanical switches, represent an innovative advance in this area. This technology enables more precise control by recognizing and processing different pressure levels. This opens up new possibilities, particularly in the gaming sector: for example, players can vary the movement speed of their characters depending on the keystroke or adjust the sensitivity of certain inputs. These advantages make analog switches a promising development that is likely to become increasingly important in the coming years.

According to Statista, the sales volume for the keyboard market, which largely determines the demand for keyboard switches, is estimated at USD 5.0 billion worldwide for 2025 and is expected to grow steadily each year until 2028. While Germany is a leading market for keyboards, with particularly strong demand for mechanical keyboards and customizable options, China is likely to remain the largest sales market with USD 1.2 billion. Worldwide, up to 280.6 million units are expected to be sold in 2029. This corresponds to an average annual sales growth of 1.8% until 2029. With high production capacities and a favorable price structure, China is also likely to maintain its dominant position as a production location and export market.

For the Digital Health & Solutions business segment, the e-health hardware market is expected to saturate in the medium term, with a corresponding slowdown in sales opportunities for e-health terminals and PIN pads. However, replacement purchases and IT upgrades for other professional groups in the healthcare sector in 2025 (including nursing care facilities) and 2026 (including physiotherapists) will drive demand for the corresponding hardware again in the short term. This is not affected by technological developments, especially for virtualization software or complementary services in this area of the German healthcare sector. Cherry is addressing this with new solutions such as the Terminal Management System, SmartLink, and a certified TI messenger offering. Cherry is therefore well positioned to serve the ongoing digitalization momentum with both existing and new, profitable business models.

5.2. Business performance outlook for the Cherry Group

Due to the ongoing tough economic situation for the Group and to make sure the company keeps getting the money it needs, the Cherry SE board asked an independent expert to put together a restructuring report in line with IDW S6. As part of this report, a comprehensive restructuring and action plan was worked out, which is explained in more detail in the supplementary report.

Taking these measures into account and assuming that the tariff dispute with the US does not escalate, Cherry's Management Board expects consolidated revenue of EUR 105 to 120 million and an adjusted EBITDA margin of between 3% and 6% for fiscal year 2025. Consolidated revenue is therefore expected to decline by up to EUR 5.4 million or 4.9% compared with the previous year (EUR 110.4 million) or to increase by up to EUR 9.6 million or 8.7%. In terms of the adjusted EBITDA margin, the forecast represents an improvement of 9.3 to 12.6 percentage points compared with the previous year (-6.3%). Due to the currently high inventory levels at the US company and the current fluctuations and, in some cases, rollback of tariffs, no significant impact of the US tariffs on planning is expected.

All expenses related to the implementation of the measures have already been taken into account in the forecast and will therefore not be adjusted in EBITDA in the coming fiscal year.

Due to the volatile capital market and business environment – in particular the dependence on the political environment in a year of extraordinary federal elections and the currently unforeseeable consequences of the current and possible further US import tariffs on goods manufactured in China – the Management Board has decided to refrain from issuing quarterly forecasts in 2025 and to focus more strongly on a robust annual forecast. At the same time, the company aims to report on progress in business performance and key metrics for 2025 through regular company announcements.

6. OTHER DISCLOSURES

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

1. As of December 31, 2024, 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. The shares of the company held 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 shares of the company that were transferred to the owners of Xtrfy Gaming AB (Landskrona, Sweden) with a value date of January 17, 2023, were subject to a restriction on sale until January 16, 2025. The Management Board is not aware of any further restrictions 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 restrictions 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". 234,138 Cherry shares were used as a purchase price component during the acquisition of Xtrfy. As of December 31, 2024, 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 25.0 million as of December 31, 2024).

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 2024 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 2024 fiscal year are published on the Cherry website at https://ir.cherry.de/de/home/corporate-governance/.

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

Pursuant to Section 289 (4) and Section 315 (4) of the German Commercial Code (HGB), Cherry SE is required to describe the significant features of its accounting-related internal control and risk management system in the management report.

The internal control and risk management system is not defined by law with regard to the accounting process. We understand the internal control and risk management system to be a comprehensive system and adhere to the definitions of the Institute of Public Auditors in Germany (IDW) based in Düsseldorf for accounting-related internal control systems and risk management systems. According to this definition, an internal control system comprises the principles, procedures, and measures introduced by management within the company that are 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 data used to prepare the consolidated financial statements is based on the financial information reported by Cherry SE and its subsidiaries, which in turn is based on the entries recorded in the units. The financial information of the subsidiaries is prepared locally by the respective company or by external third parties. In addition, we use the support of external service providers for certain topics that require special expertise (e.g., the measurement of pension obligations). The consolidated financial statements are prepared on the basis of the financial information reported by the subsidiaries. The consolidated financial statements are prepared using certified consolidation software. In addition, the necessary steps are carried out in accordance with the dual control principle. To this end, 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.
- 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 put in place to ensure the proper IT-supported processing of financial reporting-related facts and data.

Accordingly, it is a top priority for the Management Board of Cherry SE to continue to expand the internal control and risk management system and to automate it with IT system support.

The Management Board of Cherry SE is responsible for the scope and design of the ICS, taking into account the company-specific requirements. Monitoring the effectiveness of the ICS is one of the tasks of the Supervisory Board of Cherry SE, which receives regular reports from the Management Board on the actual and planned status of the ICS and the results of internal control and monitoring measures. Together with the Supervisory Board, the Executive Board reviews the appropriateness, effectiveness and functionality of the ICS in the Cherry Group and currently has information, audit and reporting formats at its disposal to perform its duties. Its audits are based on a risk-oriented reporting system, which is managed by Risk Controlling. This also provides for regular checks at subsidiaries. In addition, the Accounting and Controlling departments check compliance with financial accounting guidelines.

The Treasury department has implemented stringent measures with regard to signing authorizations for banks. This includes FRAUD prevention by separating the functions of authorizations and signing levels, as well as a six-eyes approval process for master data changes to bank details.

The accounting-related ICS comprises principles, procedures and measures to ensure the effectiveness, efficiency and correctness of accounting and to ensure compliance with the relevant laws and standards and is continuously developed further. When preparing the consolidated financial statements, the ICS serves in particular to ensure the application of the International Financial Reporting Standards (IFRS), as applicable in the European Union, and the application of the supplementary provisions of commercial law pursuant to Section 315e of the German Commercial Code (HGB). When preparing the annual financial statements and the management report, the ICS also helps to ensure that the provisions of commercial law are complied with.

With any ICS, it must be taken into account that, regardless of its design, it cannot provide absolute certainty that material misstatements in the financial reporting will be avoided or detected. This could be caused, for example, by incorrect discretionary decisions, inadequate controls or criminal acts.

In order to counteract these possible risks and causes and to ensure compliance with Group guidelines and processes, Cherry SE can, if necessary, call on external support for internal audit tasks. However, it is currently planned to start setting up an internal audit department in 2025.

The following statements relate to the subsidiaries that are fully consolidated in Cherry SE's consolidated financial statements and for which Cherry SE has the power, directly or indirectly, to govern their financial and monetary policies so as to obtain benefits from their activities.

The task of Cherry SE's risk management is, among other things, to define measures to identify, assess and mitigate risks to an acceptable level and to monitor the identified risks.

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

Specific accounting-related risks can arise, for example, from the conclusion of unusual or complex transactions. Furthermore, business transactions that are not routinely processed are subject to a latent risk. A limited group of people are necessarily granted discretionary powers in the recognition and measurement of assets and liabilities, which can result in further accounting-related risks.

The accounting-related ICS comprises internal controls defined on the basis of risk aspects for the processes relevant to accounting and the processes that support the IT systems. IT security, change management and operational IT processes are of particular importance here. Organizational, preventive and detective controls are applied, which can be both IT-supported and manual. For the Cherry Group, the effectiveness and efficiency of the accounting-related ICS is dependent on highly qualified employees, regular training, the principle of at least dual control and the separation of functions between administrative, execution and approval processes. The Group Accounting department and other responsible accounting departments are responsible for managing the accounting processes.

Laws, accounting standards and other pronouncements are continuously analyzed with regard to their relevance and impact on accounting. Relevant requirements are recorded and communicated in the Group's financial accounting guidelines and form the basis for the process of preparing the financial statements. In addition, supplementary procedural instructions such as the 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 complied with uniformly throughout the Group. The Group's companies are responsible for ensuring that their accounting-related processes and systems are carried out correctly and on a timely basis and are supported in this by the subsidiaries' accounting departments and external service providers.

The overarching objective of Cherry SE's accounting-related internal control and risk management system is to ensure the correctness of financial reporting in terms of compliance of the consolidated financial statements and the combined management report with all relevant legal requirements.

The Group has also implemented a risk management system in relation to the Group-wide accounting process, which includes measures to identify and assess significant risks as well as corresponding risk-limiting measures to ensure the correctness of the consolidated financial statements.

Munich, May 27, 2025

Cherry SE

Oliver Kaltner	Dr. Udo Streller
CEO	COO

03 Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousand	Note	2024	2023
Revenue	8.1	110,448	126,461
Cost of sales		-86,526	-123,777
Gross profit		23,922	2,684
Marketing and selling expenses		-30,895	-43,684
Research and development expenses		-11,351	-15,749
Administrative expenses		-17,373	-18,693
Other operating income	8.2	1,018	1,028
Other operating expenses	8.5	-1,565	-837
Impairment of goodwill	6.2	-7,900	-55,866
Operating result before interest and taxes (EBIT)		-44,144	-131,116
Financial result	8.6	-2,496	-2,691
Earnings before taxes (EBT)		-46,640	-133,807
Income taxes	8.7	1,187	6,926
Group net loss		**-45,453**	**-126,881**
Undiluted (basic) earnings per share (in EUR)	8.8	-1.96	-5.45
Diluted earnings per share (in EUR)	8.8	-1.96	-5.45

Income and expenses not recognized through profit or loss

€ thousand	Note	2024	2023
Other comprehensive income that will be reclassified subsequently to profit or loss		**624**	**-2,385**
Foreign currency translation of financial statements of foreign entities	7.1	624	-2,385
Other comprehensive income that will not be reclassified subsequently to profit or loss		**3**	**15**
Actuarial gains and losses	7.1	4	10
Other changes	7.1	-1	5
Income and expenses not recognized through profit or loss		**627**	**-2,370**
Total comprehensive income for year		**-44,826**	**-129,251**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

€ thousand	Note	31.12.2024	31.12.2023
NON-CURRENT ASSETS			
Intangible assets	6.2	62,641	79,685
Property, plant and equipment	6.1	3,944	7,347
Right-of-use assets	6.3	4,072	7,262
Financial assets		87	90
Other non-financial assets	6.5	31	10
Deferred taxes	7.6	3,523	3,283
Total non-current assets		74,298	97,677
CURRENT ASSETS			
Inventories	6.4	53,689	62,446
Trade receivables		20,059	30,611
Current income tax receivables		399	668
Other non-financial assets	6.5	3,325	1,069
Cash and cash equivalents	10.	16,370	46,083
Total current assets		93,842	140,877
Total assets		168,140	238,554

EQUITY AND LIABILITIES

€ thousand	Note	31.12.2024	31.12.2023
EQUITY	7.1		
Subscribed capital		23,190	23,190
Capital reserves		257,557	257,324
Accumulated deficit		-206,347	-160,894
Accumulated other comprehensive income		3,116	2,489
Total equity		77,516	122,109
NON-CURRENT LIABILITIES			
Pension provisions	7.2	178	178
Other provisions	7.3	784	767
Financial debt	7.5	24,975	226
Lease liabilities	6.3	11,917	15,457
Other non-financial liabilities	7.4	85	95
Deferred tax liabilities	7.6	9,034	10,746
Total non-current liabilities		46,973	27,469
CURRENT LIABILITIES			
Other provisions	7.3	789	588
Financial debt	7.5	1,377	45,071
Lease liabilities	6.3	5,053	5,008
Trade payables		24,339	17,808
Current income tax liabilities		822	1,199
Other financial liabilities	7.4	8,058	9,085
Other non-financial liabilities	7.4	3,213	10,217
Total current assets		43,651	88,976
Total equities and liabilities		168,140	238,554

CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	Note	2024	2023
Net loss for the year		-45,453	-126,881
Depreciation, amortization and impairment losses (+) / reversals thereof (-) on fixed assets		32,547	120,723
Increase (+) / decrease (-) in provisions		283	-229
Other non-cash expenses (+) / income (-)		1,310	-21
Gains (-) / losses (+) on disposal of fixed assets		21	26
Increase (-) / decrease (+) in inventories, trade receivables and other assets		17,861	2,084
Increase (+) decrease (-) in trade payables and other liabilities		-1,279	-15,456
Interest expenses (+) / interest income (-)	8.6	2,496	2,691
Interest paid (-)		-2,589	-3,046
Interest received (+)		392	699
Tax expense (+) / tax income (-)	8.7	-1,187	-6,926
Income tax paid (+/-)		-1,559	-1,544
Cash flows from operating activities		2,843	-27,880
Cash received (+) from disposals of property, plant and equipment		10	20
Cash paid (-) for investments in property, plant and equipment		-3,226	-3,085
Cash received (+) from disposals of intangible assets		-	2
Cash paid (-) for investments in intangible assets		-5,136	-4,202
Cash paid (-) for the purchase of consolidated companies	10.	-729	-3,547
Cash flows from investing activities		-9,081	-10,812
Cash paid (-) in connection with Share Buyback Program	7.1	-	-2,463
Cash paid (-) for other non-current financial debt	10.	-4,621	-4,258
Cash paid (-) for repayment of (financial) debt	10.	-20,346	-1,146
Cash received (+) from (financial) debt raised	10.	1,319	-
Cash flows from financing activities		-23,648	-7,867
Cash-relevant change in cash funds		-29,886	-46,559
Changes in cash and cash equivalents due to changes in exchange rates, scope of consolidation, and valuation		173	-206
Cash funds at beginning of year		46,083	92,848
Cash funds at end of year		16,370	46,083

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
January 1, 2023	23,393	257,586	-34,012	4,777	83	251,826
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
December 31, 2023	23,190	257,324	-160,894	2,391	98	122,109
January 1, 2024	23,190	257,324	-160,894	2,391	98	122,109
Treasury shares transferred in conjunction with business acquisitions	-	-	-	-	-	-
Group net loss	-	-	-45,453	-	-	-45,453
Foreign currency translation of financial statements of foreign entities	-	-	-	624	-	624
Actuarial gains and losses	-	-	-	-	4	4
Income taxes on other comprehensive income	-	-	-	-	-1	-1
Other comprehensive income	-	-	-	624	3	627
Total comprehensive income	-	-	-45,453	624	3	-44,826
Impact of share-based payments	-	233	-	-	-	233
December 31, 2024	23,190	257,557	-206,347	3,015	101	77,516

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 fiscal year 2024 were approved for publication by the Management Board on 27.05.2025.

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, 2024, 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 2024 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, 2024).

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, 2024, over which Cherry SE – either directly or indirectly – has a controlling influence.

All 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, 2024, 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, 2024	Dec. 31, 2023
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%
Cherry Embedded Solutions, Vienna (Austria)[1]	Production, sales and marketing	100%	100%
Cherry Xtrfy AB, Landskrona (Sweden)	Sales and marketing	100%	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 Previously named Theobroma Systems Design und Consulting GmbH until March 22, 2024.

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 of 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.

In 2024, Active Key GmbH was merged into Cherry Digital Health GmbH with retroactive effect from January 1, 2024, as of July 31, 2024.

In accordance with Section 264 (3) HGB, Cherry Digital Health 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

There were no business combinations during the 2024 fiscal year.

In the 2023 fiscal year, Xtrfy Gaming AB and Built on Experience AB, Landskrona, Sweden, were acquired. In the second quarter of 2023, Xtrfy Gaming AB was merged into Built on Experience AB, which subsequently changed its name to Cherry Xtrfy AB. The company has been included in the Consolidated Financial Statements as a fully consolidated company since January 2023.

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 can 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.

Customer creditworthiness is reviewed on a regular basis and no material impact on the receivables portfolio was identified in 2024.

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 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 for current expectations.

Impairment testing

These include, in particular, estimates of future cash flows, growth rates, and the interest rate to be used to discount future cash flows. During the detailed planning period, revenue growth is regularly planned on the basis of historical experience from previous years, taking into account current short- to medium-term expectations. The planning assumptions also take into account macroeconomic and geopolitical developments and market expectations, among other things. After the detailed planning period, long-term revenue growth is assumed based on the current business plan from the fourth quarter of 2024, adjusted for findings from the first quarter of 2025. The sales revenues and margins in the business plan were adjusted as part of the impairment test as a result of necessary restructuring measures. Due to the nature of the Cherry Group's products, technological developments naturally have an impact on the assessment of impairments. These are monitored and assessed on a regular basis. Information on the impairment test is provided in section 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 and product returns, 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.

Going concern assessment

Due to the earnings and liquidity development and the dependence on the financing agreement with UniCredit Bank GmbH, Munich, in conjunction with the underlying financial covenants, there are currently significant uncertainties regarding the continuation of the business activities (so-called "going concern risk"). Based on a restructuring plan prepared in cooperation with Bachert & Partner in accordance with the requirements of IDW S6, the support of an external CRO (Chief Restructuring Officer) in its implementation since April 7, 2025, and the possibility of defining additional measures, the Management Board of Cherry SE assumes that the company will continue as a going concern. More detailed explanations of the existing material uncertainties regarding the company's continued existence and the assumptions made by the Management Board can be found in the opportunities and risks section of the combined management report.

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:

Closing rates	US dollar (USD)	Chinese renminbi (CNY)	Taiwanese dollar (TWD)	Swedish krone (SEK)
Dec. 31, 2023	1.10500	7.85090	33.90700	11.09600
Dec. 31, 2024	1.03890	7.58330	33.98300	11.45900

Averaged annual rates	(USD)	(CNY)	(TWD)	(SEK)
2023	1.08159	7.65907	33.68890	11.47281
2024	1.08210	7.78630	34.74720	11.43090

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 3-8 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 2024 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. In addition, individual write downs of 75-100% are recognized based on product groups and days of inventory.

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 creditworthiness 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 2024, 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.

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 the previous year, the Cherry Group had entered into derivative financial instruments in the form of forward exchange transactions, particularly for the US dollar, but does not apply hedge accounting. The forward exchange transactions were terminated in the 2024 financial year.

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 fund managed by a non-Group company 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 for which the customer or distributor has a right of return without any obligation for a compensation order revenue (and cost of sales) are corrected proportionately based on the expected return rate. 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. Revenue from business with end customers worldwide amounted to EUR 2.9 million in the 2024 fiscal year (2023: EUR 5.6 million), of which EUR 1.5 million (2023 EUR 0.3 million) was realized in Germany.

Any variable components, such as discounts, performance incentives, bonuses or expected returns 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.

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, 2024

- IFRS 16 "Lease Liability in a Sale and Leaseback"
- IAS 1 "Classification of Liabilities as Current or Non-current"
- IAS 1 "Non-current Liabilities with Covenants"
- IAS7/IFRS 7 "Supplier Finance Arrangements"

Application of these amendments does not have any significant impact on the Consolidated Financial Statements for the year ended December 31, 2024.

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
IAS 21	Lack of Exchangeability of a Currency	January 1, 2025	None
IFRS 9/IFRS 7[1]	Contracts Referencing Nature-dependent Electricity	January 1, 2026	None
IFRS 9/IFRS 7[1]	Classification and Measurement of Financial Instruments	January 1, 2026	No material ones
Various[1]	Annual Improvements to IFRS	January 1, 2026	None
IFRS 18[1]	Presentation and Disclosures in Financial Statements	January 1, 2027	still being analyzed
IFRS 19[1]	Subsidiaries without Public Accountability: Disclosures	January 1, 2027	None

1 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:

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
Balance as of January 1, 2023	1,201	27,078	4,481	4,436	37,195
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
Balance as of December 31, 2023	1,258	31,839	4,988	550	38,634
Additions relating to business combinations	-	-	-	-	-
Additions	125	2,527	526	47	3,225
Disposals	-2	-11,972	-132	-346	-12,452
Reclassifications	-	108	-	-108	-
Currency translation effects	1	62	16	3	84
Balance as of December 31, 2024	1,382	22,564	5,398	146	29,491
Depreciation and impairment losses € thousand					
Balance as of January 1, 2023	263	11,151	1,673	-	13,087
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
Balance as of December 31, 2023	606	27,613	3,068	-	31,287
Depreciation expense for the year	81	1,407	635	-	2,123
Impairment losses	8	3,616	403	110	4,137
Disposals	-1	-11,964	-110	-	-12,075
Reclassifications	-	-	-	-	-
Currency translation effects	28	36	10	-	74
Balance as of December 31, 2024	722	20,708	4,006	110	25,546
Carrying amounts					
Balance as of January 1, 2023	938	15,927	2,808	4,436	24,109
Balance as of December 31, 2023	652	4,226	1,920	550	7,347
Balance as of December 31, 2024	660	1,856	1,392	36	3,944

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 1,306k as of December 31, 2024 (December 31, 2023: EUR 3,065k).

Impairment losses amounting to EUR 4,137k in 2024 were reported in the statement of comprehensive income within the following line items:

"Cost of sales" (EUR 3,859k), "Sales and marketing expenses" (EUR 3k), "Research and development expenses" (EUR 248k) and "Administrative expenses" (EUR 27k). The impairment losses 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 proportionally to the other assets required to be assessed in accordance with IAS 36. Of this amount, EUR 2,765k related to the Components segment, EUR 1,289 to the Gaming Devices segment and EUR 83k to the Office Peripherals segment.

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 Peripherals 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 proportionally 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).

6.2. Intangible assets

Intangible assets developed as follows during the year under report:

Acquisition and production cost € 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
Balance as of January 1, 2023	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
Balance as of December 31, 2023	17,011	4,354	3,380	21,360	51,016	109,636	27	206,783
Additions relating to business combinations	-	-	-	-	-	-	-	-
Additions	868	4,198	70	-	-	-	-	5,136
Disposals	-343	-480	-	-	-	-	-21	-844
Reclassifications	2,657	-2,865	208	-	-	-	-	-
Currency translation effects	58	8	5	-15	-27	-81	-	-52
Balance as of December 31, 2024	20,251	5,215	3,663	21,345	50,989	109,555	6	211,024
Depreciation and impairment losses € thousand								
balance as of January 1, 2023	4,518	-	1,329	5,888	-	29,882	-	41,618
Depreciation 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
Balance as of December 31, 2023	13,712	-	1,920	11,103	14,615	85,748	-	127,098
Depreciation expense for the year	1,650	-	577	2,170	-	-	-	4,398
Impairment losses	1,966	1,528	725	1,053	4,427	7,900	-	17,599
Disposals	-158	-480	-	-	-	-	-	-638
Currency translation effects	7	-	3	-3	-	-80	-	-74
Balance as of December 31, 2024	17,177	1,048	3,225	14,323	19,042	93,568	-	148,383
Carrying amounts								
Balance as of January 1, 2023	8,981	4,160	855	15,044	50,165	78,787	671	158,663
Balance as of December 31, 2023	3,299	4,354	1,460	10,257	36,401	23,888	27	79,685
Balance as of December 31, 2024	3,074	4,167	438	7,022	31,947	15,987	6	62,641

As of December 31, 2024, intangible assets identified and capitalized in conjunction with the Cherry Group purchase price allocation comprised goodwill amounting to EUR 12,477k (December 31, 2023: EUR 20,377k) a customer base amounting to EUR 7,023k (December 31, 2023: EUR 9,925k) and brand mark rights amounting to EUR 31,852k (December 31, 2023: EUR 35,482k). Goodwill arising on the acquisition of Cherry Embedded Solutions GmbH (formerly Theobroma Systems Design und Consulting GmbH) remained unchanged at EUR 458k (December 31, 2023: EUR 458k). Intangible assets also included goodwill arising on the acquisition of Active Key amounting to EUR 3,052k (December 31, 2023: EUR 3.052k), acquired technology amounting to EUR 0k (December 31, 2023: EUR 162k) and the acquired brand amounting to EUR 95k (December 31, 2023: EUR 95k). As of December 31, 2024 the carrying amount of intangible assets arising on the acquisition of Xtrfy included goodwill (EUR 0k, (December 31, 2023: EUR 0k), acquired technology (EUR 0k, (December 31, 2023: EUR

163k), the acquired customer base (EUR 0k, (December 31, 2023: EUR 333k) and the acquired brand (EUR 0k, (December 31, 2023: 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 2024 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 1,607k (December 31, 2023: EUR 2,189k).

The impairment losses recognized on development costs in 2024 are reported in the statement of comprehensive income within the line item "Research and development expenses". These losses arose on the one hand in conjunction with impairments on development projects not continued (EUR 468k Digital Health & Solutions segment, EUR 12k Office Peripherals 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. Of this amount, EUR 346k related to the Components segment, EUR 2,336k to the Gaming Devices segment and EUR 332k to the Office Peripherals segment. The impairment losses recognized on industrial property rights, licenses and patens in 2024 are reported in the statement of comprehensive income within the line item "Research and development expenses" in the amount of EUR 718k, in "Sales and marketing expenses" in the amount of EUR 6k and in "Cost of sales" in the amount of EUR 1k. They also arose in conjunction with impairment tests performed at CGU level (as described below) (EUR 1k Components segment, EUR 718k Gaming Devices segment and EUR 6k Office Peripherals segment). The impairment losses recognized on customer base in 2024 are reported in the statement of comprehensive income within the line item "Sales and marketing expenses" in the amount of EUR 804k and in "Cost of sales" in the amount of EUR 249k. They also arose in conjunction with impairment tests performed at CGU level (as described below) (EUR 86k Components segment, EUR 661k Gaming Devices segment and EUR 306k Office Peripherals segment).

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 Peripherals 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).

Purchase commitments for intangible assets amount to EUR 0k at the end of the reporting period (December 31, 2023: EUR 72k).

Impairment testing of goodwill and brands

As of September 30, 2024, a triggered impairment test for all CGUs (goodwill (EUR 23,888k before impairment at year-end) and brands (EUR 36,374k before impairment at year-end)) was performed. For the purposes of this impairment test as of September 30, 2024, 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. The following average revenue growth rates were assumed for the detailed planning period of 5 years: Components: 20.1%, Gaming Devices: 14.2%, Office Peripherals: 13.1%, Digital Health & Solutions: 1.7%. 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 11.20%, Gaming Devices 13.32%, Office Peripherals 12.40%, Digital Health & Solutions 13.07%. No impairments resulted from this impairment test during the year.

As of December 31, 2024, the regular annual impairment test on goodwill (EUR 23,888k before impairment at year-end) and on brands (EUR 36,374k before impairment at year-end) was performed on the basis of the CGUs. For the purposes of the impairment test as of December 31, 2024, 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 going concern forecast in December 2024, adjusted by actual developments thereafter. The following average revenue growth rates were assumed for the detailed planning period of 5 years: Components: 13.2%, Gaming Devices: 7.2%, Office Peripherals: 7.1%, Digital Health & Solutions: 5.1%. 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 11.32%, Gaming Devices 13.44%, Office Peripherals 12.52%, Digital Health & Solutions 13.19%. The recoverable amount of the brand was based on the value in use and is derived from the impairment test of the goodwill. It exceeded the fair value less costs of disposal of the brand calculated based on the present values of fictitious license fees on revenues attributable to the brand. The license rate amounted to 2.00% of revenue.

Based on the recoverable amounts determined in this way, impairment losses of EUR 543k and EUR 7,357k respectively were recognized in 2024 on goodwill allocated to the Gaming Devices and Office Peripherals CGUs, each of which also corresponded to a segment. Goodwill allocated to the Gaming Devices and Office Peripherals CGUs therefore stood at EUR 0k each as of December 31, 2024. The impairment loss calculated for the Gaming Devices CGU exceeded the goodwill proportionally allocated to it. The excess loss amount of EUR 8,082k was spread across the remaining other assets required to be assessed in accordance with IAS 36 (of which EUR 2,284k brands, EUR 661k customer base, EUR 2,336k development costs, EUR 718k industrial property rights, licenses and patents, EUR 1,289k property, plant and equipment, and EUR 794k right-of-use assets). The impairment loss calculated for the Office Peripherals CGU exceeded the goodwill proportionally allocated to it. The excess loss amount of EUR 2,918k was spread across the remaining other assets required to be assessed in accordance with IAS 36 (of which EUR 2,143k brands, EUR 306k customer base, EUR 332k development costs, EUR 6k industrial property rights, licenses and patents, EUR 83k property, plant and equipment, and EUR 48k right-of-use assets). The carrying amounts of brands allocated to Gaming Devices and Office Peripherals therefore stood at EUR 6,166k and EUR 14,945k respectively as of December 31,2024. The recoverable amounts of the CGUs were as follows: Components EUR -37,021k, Gaming Devices EUR -10,287k and Office Peripherals EUR 28,001k, corresponding in each case to the value in use and calculated applying a cost of capital of 11.32% for Components, 13.44% for Gaming Devices and 12.52% for Office Peripherals.

Deviations from the underlying planned values would result in further impairment requirements.

Impairment losses on intangible assets in 2024 were reported in the statement of comprehensive income within the following line items: "Impairment of goodwill" (EUR 7,900k), "Sales and marketing expenses" (EUR 5,237k), "Research and development expenses" (EUR 3,731k) and "Cost of sales" (EUR 250k).

In light of the decision to restructure the Group at the beginning of November 2023, in 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) and on brands (EUR 49,071k before impairment at year-end) 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), Cherry Americas LLC (Wisconsin/USA) (goodwill: EUR 9,508k before impairment at year-end), Zhuhai Cherry Electronics Co. Ltd. (Zhuhai/China) (goodwill: EUR 18,349k before impairment at the end of the year), Active Key GmbH (Munich) (goodwill: EUR 3,052), Cherry Embedded Solutions GmbH (formerly Theobroma Systems Design und Consulting GmbH) (Vienna) (goodwill: EUR 458), 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 were being assumed for the detailed planning period of 5 years: Cherry Europe GmbH/Cherry Xtrfy AB: 8,2%, Cherry Americas LLC: 11,0%, Zhuhai Cherry Electronics Co. Ltd.: 12,5%, Cherry Electronics (Hong Kong) Co. Ltd.: 12,1%, Cherry Digital Health GmbH: 15,2%, Cherry E-Commerce GmbH 18,0%, Active Key GmbH: 18,1% and Cherry Embedded Solutions GmbH (formerly Theobroma Systems Design und Consulting GmbH) 16,5%. 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: Cherry Europe GmbH/Cherry Xtrfy AB 13.63%, Cherry Americas LLC 13.54%, Cherry Digital Health GmbH 14,02%, Zhuhai Cherry Electronics Co. Ltd. 13,48%, Cherry E-Commerce GmbH 13,80%, Cherry Electronics (Hong Kong) Co. Ltd. 12,76%, Cherry Embedded Solutions GmbH (formerly Theobroma Systems Design und Consulting GmbH) 13,50%, Active Key GmbH 13,58%.

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 proportionally 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, in 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 Peripherals (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 were assumed for the detailed planning period of 5 years: Components: 22.6%, Gaming Devices: 11.0%, Office Peripherals: 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 Peripherals 13.77%, Digital Health & Solutions 13.62%. The recoverable amount of the brand was based on the value in use and is derived from the impairment test of the goodwill. It exceeded the fair value less costs of disposal of the brand calculated based on the present values of fictitious license fees on revenues attributable to the brand. The license 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,. 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 Peripherals would equal the carrying amount.

Impairment losses on intangible assets in 2023 were 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).

6.3. Right-of-use assets and lease liabilities

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

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 operational and office equipment	Total
balance as of January 1, 2023	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
Balance as of December 31, 2023	11,515	15,259	2,901	982	8	30,665
Additions relating to business combinations	-	-	-	-	-	-
Additions	914	218	21	139	-	1,292
Disposals	-716	-354	-188	-91	-	-1,349
Reclassifications	-	-	-	-	-	-
Currency translation effects	6	-	-	2	-	7
Balance as of December 31, 2024	11,719	15,123	2,734	1,032	8	30,616
Depreciation and impairment losses € thousand						
balance as of January 1, 2023	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
Balance as of December 31, 2023	6,565	13,638	2,645	547	8	23,403
Depreciation expense for the year	1,311	232	58	213	-	1,814
Impairment losses	1,151	1,069	182	76	-	2,478
Disposals	-637	-277	-188	-68	-	-1,170
Reclassifications	-	-	-	-	-	-
Currency translation effects	19	-	-	1	-	20
Balance as of December 31, 2024	8,409	14,661	2,697	769	8	26,544
Carrying amounts						
Balance as of January 1, 2023	7,962	4,431	1,707	439	13	14,553
Balance as of December 31, 2023	4,950	1,621	256	435	-	7,262
Balance as of December 31, 2024	3,310	462	37	263	-	4,072

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, 2024	Dec. 31, 2023
Lease liabilities for buildings	5,653	6,510
Lease liabilities for machinery	5,558	7,684
Leasing liabilities for tools	550	974
Lease liabilities for vehicles	156	286
Lease liability for other operational and office equipment	-	3
Total	11,917	15,457

Current liabilities

€ thousand	Dec. 31, 2024	Dec. 31, 2023
Lease liabilities for buildings	1,587	1,319
Lease liabilities for machinery	2,767	2,952
Leasing liabilities for tools	465	486
Lease liabilities for vehicles	230	246
Lease liability for other operational and office equipment	4	5
Total	5,053	5,008

Maturity analysis of lease liabilities:

€ thousand	2024	2023
Up to 1 year	5,053	5,008
1 to 5 years	10,680	13,450
More than 5 years	1,237	2,007
Total	16,970	20,465
Lease liabilities for buildings	7,240	7,829
Up to 1 year	1,587	1,319
1 to 5 years	4,416	4,503
More than 5 years	1,237	2,007
Lease liabilities for machinery	8,325	10,636
Up to 1 year	2,767	2,952
1 to 5 years	5,558	7,684
More than 5 years	-	-
Leasing liabilities for tools	1,015	1,460
Up to 1 year	465	486
1 to 5 years	550	974
More than 5 years	-	-
Lease liabilities for vehicles	386	532
Up to 1 year	230	246
1 to 5 years	156	286
Lease liability for other operational and office equipment	4	8
Up to 1 year	4	5
1 to 5 years	-	3

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

€ thousand	2024	2023
Depreciation of right-of-use assets	1,814	4,067
Impairment losses on right-of-use assets	2,478	11,288
Interest expense for lease liabilities	614	442
Lease expense for short-term leases	39	230
Lease expense for leases of low-value assets	100	102
Total amount recognized through profit or loss	5,045	16,129

Impairment losses amounting to EUR 2,478k in 2024 were recognized in the statement of comprehensive income within the following line items: "Cost of sales" (EUR 2,147k), "Sales and marketing expenses ("EUR 171k), Research and development expenses (EUR 86k) and

"Administrative expenses" (EUR 74k). These losses 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 remaining assets required to be assessed in accordance with IAS 36. Of this amount, EUR 1,636k related to the Components segment, EUR 794k to the Gaming devices segment and EUR 48k to the Office Peripherals segment.

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).

Cash outflows for leases in 2024 totaled EUR 5,235k (2023: EUR 5,032k).

As of December 31, 2024, Cherry has not entered into any lease agreements that will not commence until 2025.

6.4. Inventories

Inventories comprised the following:

€ thousand	Dec. 31, 2024	Dec. 31, 2023
Raw materials and supplies	15,174	16,477
Work in progress	2,304	3,735
Finished goods	8,373	6,878
Goods for resale	27,833	35,264
Advance payments to suppliers	5	92
Total	53,689	62,446

The decrease in inventories resulted primarily from active inventory management as well as from special sales measures during the fiscal year.

Total write-downs on inventories as of December 31, 2024 including exchange rate effects, amounted to EUR 7,303k (December 31, 2023: EUR 6,122k). In the previous 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 being only partially saleable as part of the impairment test of all assets (on the basis of a so-called "triggering event") amounting to EUR 535k. In fiscal year 2024 write-downs on inventories were primarily recognized in the Gaming Devices segment.

As in the previous year, all inventory write-downs were reported within cost of sales in the 2024 fiscal year.

The higher level of impairment in 2024 was attributable primarily to additional write-downs due to days of inventory in the Components and Gaming & Office Peripherals segments in the total amount of EUR 4.9 million.

6.5. Other non-financial assets

Other non-financial assets comprised the following:

€ thousand	31.12.2024	31.12.2023
Receivables relating to other taxes	973	167
Prepaid expenses	955	622
Other	1,428	290
Other assets	3,356	1,079

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" mainly includes deposits for rented office space and assets for the right for returned goods.

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, 2023: EUR 24,300k) is fully paid up. Of this amount EUR 1,110k (December 31, 2023: EUR 1,110k) 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, 2023: EUR 1,110k) and capital reserves by EUR 6,384k (December 31, 2023: EUR 6,384k) plus accumulated transaction costs arising on the share buyback amounting to EUR 23k (2023: EUR 23k).

Development of the number of shares

Number of shares	2024	2023
Balance as of January 1	23,189,716	23,392,883
Treasury shares used in conjunction with business combinations	-	234,138
Repurchased in conjunction with the Share Buyback Program	-	-437,305
Balance as of December 31	23,189,716	23,189,716

Capital reserves

Capital reserves stood at EUR 257,557k (December 31, 2023: EUR 257,324k). In 2024, they decreased by EUR 0k (: EUR 2,025k) in conjunction with the Share Buyback Program. In 2023 they 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 233k (2023: EUR 212k), 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 3,015k (2023: EUR 2,391k) 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 4k (2023: gains of EUR 10k) arising on pension obligations, net of deferred taxes thereon amounting to EUR -1k (2023: EUR 5k) were recognized though 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, 2024, a provision for the ZF pension was recognized amounting to EUR 93k (December 31, 2023: EUR 93k) 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, 2024, EUR 84k (December 31, 2023: EUR 85k).

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

Germany

in %	Dec. 31, 2024	Dec. 31, 2023
Discount rate	3.5	3.5
Pension trend	1.0	1.0
Duration in years	17	18

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 7.2k (December 31, 2023: EUR 7.4k) or an increase of EUR 7.6k (December 31, 2023: EUR 7.9k) in pension obligations as of December 31, 2024. 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, 2024	Dec. 31, 2023
Present value of pension benefits covered by accounting provisions	178	178
Pension provisions	178	178

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

Development of present value of pension obligations

€ thousand	Dec. 31, 2024	Dec. 31, 2023
Present value of defined benefit obligations as of January 1	178	718
Interest expense	6	21
New actuarial (gains) / losses arising	-4	-10
Pension plan payments	-2	-551
Present value of defined benefit obligations as of December 31	178	178

New actuarial gains/losses arose primarily as a result of experience adjustments.

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

Allocation of pension expense

€ thousand	2024	2023
Interest expense	6	21
Total	6	21

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, 2024	Dec. 31, 2023
Up to 1 year	3	2
More than 1 year	175	176
	178	178

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 2024 fiscal year amounting to EUR 2,255k (2023: EUR 2,131k).

7.3. Other provisions

Other provisions developed as follows:

Other provisions (current):

€ thousand	Warranties	Other	Total
Balance as of January 1 2024	524	64	588
Utilized	-305	-	-305
Reversed	-	-64	-64
Allocated	563	-	563
Currency impact	7	-	7
Balance as of December 31 2024	789	-	789

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
Balance as of January 1 2024	367	400	767
Utilized	-	-88	-88
Reversed	-2	-	-2
Allocated	97	-	97
Unwinding of discounts (+)/discounting (-)	-	9	9
Currency impact	1	-	1
Balance as of December 31 2024	463	321	784

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, 2024	Dec. 31, 2023
Liabilities to employees	3,010	8,729
Other tax liabilities	105	1,372
Other liabilities	98	116
Total other non-financial liabilities	3,213	10,217
Other financial liabilities	8,058	9,085
Total	11,271	19,302

As at the end of the previous fiscal year, liabilities to employees as of December 31, 2024, 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 decrease 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.

Other financial liabilities include in particular customer bonuses amounting to EUR 4,210k (December 31, 2023: EUR 5,837k) and advertising allowances amounting to EUR 126k (December 31, 2023: EUR 38k), 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 return obligations amounting to EUR 805 (December 31, 2023: EUR 0), liabilities for outstanding supplier invoices amounting to EUR 1,664k (December 31, 2023: EUR 761k), business acquisition purchase price payments amounting to EUR 0k (December 31, 2023: EUR 724k) and derivative financial instruments amounting to EUR 0k (December 31, 2023: EUR 143k).

Other non-financial liabilities (non-current)

€ thousand	Dec. 31, 2024	Dec. 31, 2023
Investment grants	85	95
Total	85	95

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 originally 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, 2024, an amount of EUR 25,000k (December 31, 2023: EUR 45,000k) out of the credit facility (tranche A) was being utilized. At first no collateral has been provided in conjunction with the credit agreement. 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).

The loan agreement originally had a term until June 30, 2026. 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) was charged for amounts not drawn down from tranche A and for the current account overdraft facility. The credit agreement contained financial covenants requiring, among other things, compliance with a net leverage ratio that was 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 of 2023. This fact was communicated to UniCredit Bank GmbH on November 15, 2023 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 of originally EUR 10,000k by EUR 5,000k. In this context, an administration fee amounting to EUR 200k was 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 was 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.

This takes into account a further repayment of EUR 10,000 in May 2024 and the reversal of the remaining overdraft facility of EUR 5,000. The existing guarantees amounting to EUR 305,000 remain in place. A further processing fee of EUR 200 thousand, spread over several installments, is due by June 2025. The margin on the remaining long-term credit line increased by 0.5 pp. The company provided UniCredit Bank GmbH with collateral in the form of trade receivables (December 31, 2024: EUR 14,868 thousand) and inventories (December 31, 2024: EUR 31,766 thousand) 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 were adapted to the Group's situation and primarily focus on a minimum level of liquidity. 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.

Current financial debt

As of December 31, 2024, foreign subsidiaries had short-term bank loans amounting to EUR 1.377k (December 31, 2023: EUR 209k). In the prior year, additionally the above-mentioned loan with UniCredit Bank GmbH (Tranche A) amounting to EUR 45,000k (nominal) was also presented as current liability.

Non-current financial debt

As of December 31, 2024 non-current financial debt comprised mainly a financing loan payable by a German subsidiary amounting to EUR 130k (December 31, 2023: EUR 174k) and non-current bank loans payable by a foreign subsidiary amounting to EUR 0k (December 31, 2023: EUR 52k) as well as the non-current portion of the total credit line that was being utilized (Tranche A) amounting to EUR 25,000k (nominal).

7.6. Deferred tax liabilities

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

€ thousand	Dec. 31, 2024	Dec. 31, 2023
Deferred tax assets	3,523	3,283
Deferred tax liabilities	9,034	10,746

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

	31.12.2024		31.12.2023	
€ thousand	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	293	13,065	715	15,393
Property, plant and equipment	2,121	-	1,005	-
Receivables	158	63	300	17
Inventories	1,252	71	1,280	344
Other assets	27	70	8	71
Pension provisions	15	-	15	-
Other provisions	156	314	27	-
Payables	84	46	609	77
Tax losses available for carryforward	202	-	703	-
Right-of-use assets from leases	-	1,106	-	2,161
Lease liabilities	4,916	-	5,938	-
Total	**9,224**	**14,735**	**10,600**	**18,063**
Offset	-5,701	-5,701	-7,317	-7,317
Total	**3,523**	**9,034**	**3,283**	**10,746**

Tax losses available for carryforward totaled EUR 78,652k (December 31, 2023: EUR 49,388k), of which EUR 877k (December 31, 2023: EUR 3,762k) can be utilized within the next 20 years. This results in deferred tax assets amounting to EUR 202k (December 31, 2023: EUR 703k).

No deferred tax assets were recognized on tax losses available for carryforward amounting to EUR 77,774k as of December 31, 2024 (December 31, 2023: EUR 45,626k). EUR 2,660k (December 31, 2023: EUR 552k) of the losses can be utilized within the next 20 years and

EUR 75,991k (December 31, 2023: EUR 45,074k) can be carried forward indefinitely. In addition, deferred tax assets amounting to EUR 3,022k (December 31, 2023: EUR 2,627k) relating to available interest carryforwards totaling EUR 11,541k (December 31, 2023: EUR 10,059k) were not recognized due to lack of usability.

No deferred taxes were recognized as of December 31, 2024 for taxable temporary differences on investments in subsidiaries amounting to EUR 838k (December 31, 2023: EUR 909k), because the Group can control their reversal and no reversals are likely to occur in the foreseeable future.

The change in permanent differences was mainly attributable to the impairment loss of EUR 7,890k (December 31, 2023: EUR 55,866k), recognized in profit or loss resulting from the measurement of assets (goodwill impairment), as well as on non-income-affecting entries from the acquisition of treasury shares and share options (EUR 69k) (December 31, 2023: EUR 62k). The non-period tax expense for the previous year includes an amount of EUR 5,952k from the reversal of deferred tax assets on loss carryforwards and interest carryforwards.

The Group tax rate edged up in 2024 to 29,61% (2023: 29,56%) based on German corporation tax at 15% (plus solidarity surcharge of 5.5%) and municipal trade tax at 13,79% (2023: 13,7%). 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% (2023: 16,5% und 25,0%). The change in the highest foreign tax rate was due to the increase in the local income tax rate in the USA from 2.361% to 3.691%. However, Zhuhai (China) continues to have the highest foreign tax rate at 25%. The deferred tax expense attributable to changes in tax rates amounted to EUR 18k (December 31, 2023: EUR 394k).

Deferred tax assets include an amount of EUR 22k (December 31, 2023: EUR 931k), 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	2024	2023
Loss before tax	-46,640	-133,807
Expected tax income	-13,812	-39,550
Divergent foreign tax rates	-5	315
Tax-exempt income	-398	-221
Expenses not deductible for tax purposes	303	345
Foreign withholding tax	180	160
Impact of tax losses available for carryforward	10,043	8,859
Impact of tax rate changes	5	394
Tax expense relating to current tax of prior periods	25	6,170
Change in permanent differences	2,385	16,596
Other	87	7
Actual income tax income	-1,187	-6,926
Effective tax rate (in %)	2.5	5.2

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, 2024	Dec. 31, 2023
Keyboard Switches	7,413	10,864
Gaming Devices	28,097	28,172
Office	36,248	53,867
Industry	5,997	7,762
Point of Sales Products	2,228	2,771
Security	5,777	6,238
eHealth	24,688	16,787
Total revenue by product type	110,448	126,461

The Cherry Group recognizes revenue from the sale of products and services on the date on which control is transferred to the retailer or customer. For sales with unconditional rights of return without compensation obligations on the part of the customer, revenue is adjusted in accordance with IFRS 15.B20 by an expected return rate, which is determined on the basis of historical expectations. For sales with conditional return rights and compensation obligations on the part of the customer, no return rate is taken into account in accordance with IFRS 15.B26. Revenue from sales to end consumers via Cherry's e-commerce channels is recognized at the time the goods are handed over to the shipping service provider and adjusted proportionally in accordance with the provisions of IFRS 15.B20 ff. – by an expected return rate based on statutory or contractual rights of withdrawal until the deadlines for exercising these rights by the customer have expired. Deliveries that have not (yet) been paid for are recognized under trade receivables. The analysis of revenue by region is based on the regional domicile of customers.

Revenue by region 2024

€ thousand	Germany	USA	China	Hong Kong	Other	Total
Components	626	1,032	2,011	2,466	1,278	7,413
Gaming Devices	2,615	1,967	18,531	10	4,974	28,097
Office Devices	19,749	8,394	1,870	324	14,136	44,473
Digital Health & Solutions	21,810	1,874	-	27	6,754	30,465
Total revenue by region	44,800	13,267	22,412	2,827	27,142	110,448

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
Total revenue by region	41,139	12,400	23,179	4,601	45,142	126,461

8.2. Other operating income

€ thousand	2024	2023
Exchange gains	598	805
Gains on sales of property, plant and equipment	7	-
Other	413	223
Total	1,018	1,028

Exchange rate gains in 2024 amounting to EUR 598k (2023: EUR 805k) 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	2024	2023
Cost of raw materials, supplies and purchased goods for resale	62,475	69,672
Cost of purchased services	1,334	1,512
Other costs of material	90	-
Total	63,899	71,184

The cost of materials expense ratio for the 2024 fiscal year increased to 57.9 % (2023: 56.3%). The increase in the materials expense ratio was driven on the one hand by positive product mix effects and on the other hand by negative effects of inventory write-downs.

8.4. Personnel expenses

The following amounts were recognized as personnel expense:

€ thousand	2024	2023
Direct and indirect remuneration	23,548	33,381
Social security costs	5,368	6,366
Pension costs	303	248
Total	29,219	39,995

The average number of employees by region developed as follows:

	2024	2023
Europe	303	369
North America	17	14
Asia	108	106
Total	428	489

The decline in personnel expenses was mainly attributable to the fact that the previous year's figures included expenses for severance payments and continued salary payments from the date on which employees were released from their duties as part of the restructuring (EUR 5,755k). In addition, the savings from the restructuring are reflected in personnel expenses in the current fiscal year.

8.5. Other operating expenses

Other operating expenses comprised the following:

€ thousand	2024	2023
Exchange rate losses	606	688
Losses on sales of property, plant and equipment	28	70
Other expenses	931	79
Total	1,565	837

The increase in other expenses was mainly due to the cancellation of an already signed lease contract.

8.6. Financial result

The financial result comprised the following:

€ thousand	2024	2023
Total finance expense	-402	-702
Interest and similar income	-402	-702
Total interest income	2,878	3,359
Interest and similar expenses	21	35
Expenses from discounting and the unwinding of discounts	2,899	3,394
Total	2,497	2,692

Interest and similar expenses mainly comprised interest and like items amounting to EUR 1,905k (2023: EUR 2,551) relating to the loan taken out in October 2021 and interest on lease liabilities amounting to EUR 614k (2023: EUR 442k).

As of December 31,2024, the loan stood at an amount of EUR 25,000k (December 31, (2023: EUR 45,000k). It is subject to a variable interest rate plus – since the ECB's most recent interest rate decrease (December 2024) – an interest uplift (EURIBOR) of 3.75%. The total interest rate is 6.806%, giving an interest expense per quarter of EUR 425k. If the interest rate applicable since Q4 2024 is extrapolated, taking into account the margin agreed with UniCredit Bank GmbH, interest expense is expected to remain stable at around EUR 1,701k p.a.

8.7. Income tax expense

Income tax income/expense comprised the following:

€ thousand	2024	2023
Deferred tax income (-) / expense (+)	-1,911	-8,186
Current tax income (-) / expense (+) thereof relating to prior periods: EUR 24k (2023: EUR 148k)	724	1,260
Total	**-1,187**	**-6,926**

Deferred taxes reported in the statement of financial position, included EUR -1k (2023: EUR 5k) recognized through other comprehensive income in the 2024 fiscal year.

8.8. Earnings per share

Group net loss/profit in € thousand, number of shares in thousand, Earnings per share in EUR	2024	2023
Group net loss attributable to shareholders of Cherry SE	-45,453	-126,881
Group net loss attributable to shareholders of Cherry SE (for the purpose of calculating diluted earnings per share)	-45,453	-126,881
Weighted average number of shares in circulation	23,190	23,293
Dilutive effect of share-based remuneration	-	1
Weighted average number of shares in circulation (diluted)	23,190	23,294
Undiluted earnings per share	-1.96	-5.45
Diluted earnings per share	-1.96	-5.45

9. SEGMENT INFORMATION

The business segments are reported in a manner consistent with internal reporting and reporting to the 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 Peripherals 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 additional 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, inventories 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 2024 fiscal year, as communicated to the Management Board.

€ thousand	COMPONENTS	GAMING & OFFICE PERIPHERALS	DIGITAL HEALTH & SOLUTIONS	CORPORATE & CONSOLIDATIONS	Group
Revenue (segment revenue)	12,595	72,569	30,467	-5,182	110,448
- external revenue	7,413	72,569	30,467	-	110,448
- intragroup revenue	5,182	-	-	-5,182	-
Cost of sales	-18,803	-59,025	-14,136	5,439	-86,526
Gross profit/loss	-6,208	13,544	16,331	257	23,922
Marketing and selling expenses	-1,121	-24,200	-4,222	-1,352	-30,895
Research and development expenses	-1,222	-6,456	-2,576	-1,096	-11,351
Administrative expenses	-4	-186	-8	-17,175	-17,373
Other operating income/ expenses, net	-698	-7,906	-21	178	-8,447
EBIT	-9,254	-25,205	9,503	-19,188	-44,144
EBIT (adjusted)[1]	-2,902	-6,164	9,579	-16,313	-15,800
EBIT margin (adjusted)[1]	-23.0 %	-8.5 %	31.4 %	314.8 %	-14.3 %
Depreciation, amortization and impairment losses	-6,525	-22,512	-2,682	-828	-32,547
EBITDA	-2,729	-2,693	12,185	-18,360	-11,597
EBITDA (adjusted)[1]	-1,210	-2,553	12,261	-15,485	-6,987
EBITDA margin (adjusted)[1]	-9.6 %	-3.5 %	40.2 %	298.8 %	-6.3 %

The following table shows segment information for the 2023 fiscal year:

€ thousand	COMPONENTS	GAMING & OFFICE PERIPHERALS	DIGITAL HEALTH & SOLUTIONS	CORPORATE & CONSOLIDATIONS	Group
Revenue (segment revenue)	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
Gross profit/loss	-35,276	29,274	8,579	108	2,684
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
EBIT	-60,277	-40,407	-8,777	-21,656	-131,116
EBIT (adjusted)[1]	-6,114	10,774	1,089	-19,004	-13,255
EBIT margin (adjusted)[1]	-45.7 %	11.6 %	4.7 %	759.6 %	-10.5 %
Depreciation, amortization and impairment losses	-53,392	-53,151	-13,372	-939	-120,855
EBITDA	-6,885	12,745	4,596	-20,717	-10,261
EBITDA (adjusted)[1]	1,751	14,102	4,665	-18,445	2,073
EBITDA margin (adjusted)[1]	13.1 %	15.2 %	20.3 %	737.2 %	1.6 %

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

Reconciliation of EBIT to operating loss before tax:

€ thousand	2024	2023
Adjusted EBIT of reportable segments	513	5,749
Corporate & Consolidations	-16,313	-19,004
Adjustments	-28,344	-117,861
EBIT	-44,144	-131,116
Financial result	-2,496	-2,691
Loss before tax	-46,640	-133,807

Adjustments include one-time, non-operating exceptional items in connection with personnel expenses, write-downs on inventories, M&A transactions as well as other one-time, non-operating exceptional items and impairment losses on intangible assets, property, plant and equipment and right-of-use assets.

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:

2024

€ thousand	Germany	USA	China	Hong Kong	Rest of Europe	Total
Non-current assets	52,042	6,063	7,683	1,273	3,627	70,688

2023

€ thousand	Germany	USA	China	Hong Kong	Rest of Europe	Total
Non-current assets	50,207	11,035	10,782	15,855	6,425	94,304

In the 2024 fiscal year, revenue amounting to more than 10% of total revenue was generated in each case with four customers. Revenue amounting to EUR 16,050k (Gaming Devices segment EUR 1,464k, Office Peripherals segment EUR 12,393k and Digital Health segment EUR 2,193k) was generated with one customer, revenue amounting to EUR 14,523k (Components segment EUR 332k, Gaming Devices segment EUR 3,214k, Office Peripherals segment EUR 10,665k and Digital Health segment EUR 312k) with a second customer, revenue amounting to EUR 7,125k (Gaming Devices segment EUR 7,103k and Office Peripherals segment EUR 22k) with a third customer and revenue amounting to EUR 4,784k (Gaming Devices segment EUR 733k, Office Peripherals segment EUR 3,372k and Digital Health segment EUR 679k) was generated with one further customer. In the 2023 fiscal year, revenue amounting to more than 10% of total revenue was generated in each case with four customers. EUR 18,783k (Gaming Devices segment EUR 16,291k and Office Peripherals segment EUR 2,492k) was generated with one customer, revenue amounting to EUR 16,387k (Gaming Devices 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 Devices 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 Devices segment EUR 324k, Office Peripherals segment EUR 13,093k and Digital Health segment EUR 1,382k) was generated with one further customer.

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 2024 and 2023 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 included in outflows for transaction costs incurred in conjunction with the acquisition of subsidiaries amounting to EUR 137k in previous year.

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.

Cash flows from financing activities include new loans raised amounting to EUR 1,319k (2023: EUR 0 k) and repayments amounting to EUR 20,346k (2023: EUR 1,146k) 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, 2024 exclusively comprised short-term bank balances with a remaining term of less than 3 months amounting to EUR 16,370k (2023: EUR 46,083k).

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

€ thousand	Loans Payable	Lease liabilities	Total
Opening balance as of Jan. 1, 2023	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
Closing balance as of Dec. 1, 2023	45,297	20,465	65,762
+ New loans raised	1,319	-	1,319
- Loan repayments	-20,346	-4,621	-24,967
+/- Other	82	1,126	1,208
Closing balance as of Dec. 31, 2024	26,352	16,970	43,322

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 2024 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 provide the individual group companies with sufficient liquidity and to maintain the financial stability. Group equity is monitored centrally by the Group's management team and Group Treasury. The agreements with lenders existing as of December 31, 2024 and December 31, 2023 included agreements stipulating compliance with certain financial covenants. On April 22, 2025 the agreement with UniCredit Bank GmbH was prolonged until December 31, 2027 with adjusted financing conditions. In the course of the prolongation of the contract amongst others the covenants included in the contract were adjusted. Further information can be found in sections 7.5 and 11.6.

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, 2024 would have caused interest expenses to be EUR 63k higher/lower (December 31, 2023: 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, but were suspended in 2024. 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, 2024 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 -66k and EUR +73k (December 31, 2023: EUR -97k and EUR +107k), respectively, with a corresponding change in equity.

Liquidity risk

Ensuring the solvency of all Cherry companies at all times is an important corporate objective. Financing is organized primarily at corporate level by the holding company Cherry SE and is monitored by Group Management together with Treasury and Controlling. Due to the development of profit and loss and the early partial repayment of loans the level of available cash has been significantly reduced lately. This resulted in an increase of liquidity risk for the group and for the single consolidated companies.

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 December 31, 2024 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. Due to the reclassification of the loan to UniCredit Bank GmbH in the amount of EUR 45.0 million to current financial liabilities as of December 31, 2023, the entire loan amount was included in the cash flows for the fiscal year 2024 in the prior year, as shown 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 2025 and subsequent years. The disclosures are made on the basis of the contractual, non-discounted payments.

	Carrying amount	Cash flows		
€ thousand	Dec. 31, 2024	2025	2026	2027 and thereafter
Loans and borrowings subject to interest	26,352	-4,094	-2,623	-24,604
Other current financial debt	8,058	-8,058	-	-
Trade payables	24,339	-24,339	-	-

	Carrying amount	Cash flows		
€ thousand	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	-	-

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. 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, 2024	Dec. 31, 2023
Assets measured at amortized cost		
Trade receivables	20,059	30,611
Cash and cash equivalents	16,370	46,083
Assets measured at fair value		
Non-current financial assets	87	90
Total	**36,516**	**76,784**

€ thousand	Dec. 31, 2024	Dec. 31, 2023
Liabilities measured at amortized cost		
Trade payables	24,339	17,808
Current financial debt	1,377	45,071
Other current financial liabilities (excluding derivative financial instruments)	8,058	8,942
Non-current financial debt	24,975	226
Liabilities measured at fair value		
Derivative financial instruments	-	143
Total	**58,749**	**72,190**

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 were measured at fair value (Level 2) as of the reporting date. The fair value was 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

2024

€ thousand	Interest income	Interest expense	Measurement effects	Impairment	Reversal of impairment	Net result
Assets measured at amortized cost	391	-	-	-6	-	385
Liabilities measured at amortized cost	-	-2,003	-	-	-	-2,003
Liabilities measured at fair value (derivatives)	-	-	143	-	-	143
Total	**391**	**-2,003**	**143**	**-6**	**-**	**-1,475**

2023

€ thousand	Interest income	Interest expense	Measurement effects	Impairment	Reversal of impairment	Net result
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
Total	**698**	**-2,546**	**-143**	**-58**	**-**	**-2,049**

The net foreign currency loss of EUR 8k (2023: net foreign currency gain of EUR 97k) 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 this 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. Related companies in accordance with IAS 24 are, for the Cherry Group as of 31.12.2024, the companies in the Argand Group (significant influence), including in particular:

- Cherry TopCo S.à.r.l., Luxembourg
- Cherry HoldCo S.à.r.l., Luxembourg
- 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, 2024 or 2023.

Mr. Harald von Heynitz has been a member of the Supervisory Board of Cherry SE since April 2, 2024, and is also managing director of WTS Advisory GmbH, a sister company of the tax consulting firm WTS GmbH, which provides tax consulting services to Cherry. Due to this personnel interconnection, WTS GmbH is classified as a related party of the Cherry Group in accordance with IAS 24 as of December 31, 2024.

During the 2024 fiscal year, WTS GmbH provided tax consulting services to Cherry SE in the amount of EUR 389k. As of December 31, 2024, outstanding balances to WTS GmbH amounted to EUR 50k. The transactions with WTS GmbH were concluded at arm's length. The Supervisory Board of Cherry SE expressly approved all business relationships with WTS GmbH in the fiscal year.

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 2.62 (2023: EUR 6.11)

Share price at grant date: EUR 3.19 or EUR 2.55 (2023: 7.58 or 3.87)

Expected volatility (weighted average): 41.6% (2023: 52.4%)

Expected term (weighted average): 4.0 years (2023: 3.9 years)

Expected dividends: 0.0% (2023: 0.0%)

Risk-free interest rate: 2.58% or 2.55% (2023: 2.58 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, 429,709 (2023: 165,012) virtual shares were granted during the year under report. The number of virtual shares outstanding as of December 31, 2024 therefore stood at 654,906 (December 31, 2023: 209,837). In current fiscal year 117,091 options were forfeited (2023: 0).

In 2024 expenses amounting to EUR 233k (2023: EUR 212k) 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.

In addition, members of the Management Board and the Supervisory Board and their relatives also qualify as related parties.

The Management Board during the 2024 fiscal year comprised:

- Oliver Kaltner, Chief Executive Officer
- Dr. Mathias Dähn, Chief Financial Officer (until July 19, 2024)
- Dr. Udo Streller, Chief Operating Officer

The Supervisory Board during the 2024 fiscal year comprised:

- Marcel Stolk, Chairman of the Supervisory Board and member of the Personnel and Remuneration Committee
- James Burns, Vice Chairman of the Supervisory Board and Chairman of the Audit Committee
- Heather Faust, Chairwoman of the Personnel and Remuneration Committee and member of the Audit Committee

- Steven M. Greenberg, Chairman of the Tech and Innovation Committee and member (previously chairman) of the Nomination Committee
- Dino Sawaya (till July 24. 2024), member of the Audit Committee and member of the Nomination Committee
- Charlotte Hovmand Johs (till February 28, 2025) Chairwoman of the Nomination Committee and member of the Tech and Innovation Committee
- Harald von Heynitz (since April 5, 2024), member of the Audit Committee
- Dr. Ashley Saulsbury (since July 24, 2024), member of the Nomination Committee and the Tech and Innovation Committee

Management remuneration

€ thousand	2024	2023
Short-term benefits	1,090	1,604
Post-employment benefits	7	8
Other long-term benefits	-	-
Benefits resulting from termination of employment relationships	367	972
Share-based remuneration	276	205
Total	1,740	2,789

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 2024 EUR 482k (2023: EUR 488k). Other remuneration, mainly relating to out-of-pocket expenses, totaled EUR 23k (2023: EUR 49k). In addition, there were expenses for share-based remuneration amounting to EUR 0k (2023: EUR 0k).

As in the previous year, no loans or advances were granted to members of the Management Board or Supervisory Board in 2024.

11.4. Corporate Governance

On January 10, 2025, 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	2024	2023
Audit services	725	983
Other assurance services	4	-
Tax advisory services	-	-
Other services	-	10
Total	729	993

For the 2024 fiscal year, in agreement with the Supervisory Board and with the approval of the Annual General Meeting on July 24, 2024, the auditing firm RSM Ebner Stolz (RSM Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart) was appointed unchanged to prior year.

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.

In the year 2024, fees were paid for the audit of CSRD readiness (other assurance services).

As in the previous year, no tax advisory services were provided by the auditor.

Fees incurred for the 2024 fiscal year are included in administrative expenses.

An amount of EUR 0k (2023: EUR 87k) relates to the previous year.

11.6. Events after the end of the reporting period

On April 22, 2025, Cherry SE agreed with UniCredit Bank GmbH, Munich, to extend the loan agreement on adjusted financing terms. The term of the agreement will be extended by one and a half years to December 31, 2027 (previously: June 30, 2026). In return, the loan amount will be reduced from EUR 25.0 million to EUR 23.0 million. The total repayment of EUR 2.0 million is to be made in two tranches of EUR 1.0 million each on June 30, 2025, and February 28, 2026. The interest rate remains unchanged at EURIBOR plus a margin of 3.75% p.a.

The extension of the financing was based on the presentation of a comprehensive restructuring plan, which Cherry prepared together with an external expert (Bachert & Partner) and in accordance with the provisions of IDW S6. The former financial covenants based on the net leverage ratio, which were suspended until March 31, 2025, were deleted in this context.

With effect from April 7, 2025, an external CRO (Chief Restructuring Officer) has taken up his duties at Cherry SE. His main tasks include coordinating and monitoring the measures contained in the restructuring plan.

In addition to measures to reduce costs and optimize margins, the restructuring plan includes, among other things, the complete discontinuation of switch production at the Auerbach site and its relocation to a partner in China. In this context, jobs are also to be cut in a socially responsible manner in consultation with the works council. The Auerbach site will be maintained and converted into a development, logistics, and service center for Europe.

On May 8, 2025, Cherry signed an agreement to sell its hygienic input devices business (formerly Active Key) in the form of an asset deal to Danish peripheral device manufacturer Contour Design Nordic A/S. With effect from May 28, 2025 (closing date), this will be transferred to the new owner:

- Down payment of EUR 10,347k at closing (May 28, 2025), consisting of an upfront purchase price of EUR 12,500k and an adjustment to normalized trade working capital of -EUR 2,153k (based on the trade working capital as of March 31, 2025). The adjustment amount will be settled in June 2025 based on the closing accounts (as of May 31, 2025).
- Performance-related payment in the form of an earn-out model based on adjusted EBITDA of up to EUR 5,501k for the remainder of 2025 and for 2026.
- Performance-related payment of EUR 3,000k after the end of the 2026 calendar year if the underlying plans are met.

The subject matter of the agreement is the transfer of the rights to the "Active Key" trademark, the trade working capital attributable to the business, and other related assets (e.g., operating and business equipment, capitalized development costs). At the time of the publication of this report some of the abovementioned measures were already in the process of being implemented or were even already completed.

Due to the purchase price for the hygienic peripheral equipment business falling below the price assumed in the S6 report and a deviation in sales and earnings in April 2025, the original planning in the S6 report for a review period of 13 months (May 2025 to June 2026) was updated by Bachert & Partner on the basis of the new findings in cooperation with the company. Bachert & Partner. In cooperation with the CRO, the Management Board has developed an additional package of measures that will, with a high degree of probability, ensure the Group's full financing during the period under review. The measures were acknowledged by Bachert & Partner, which subsequently confirmed the full financing for the period under review.

The US government has recently significantly increased import duties on certain IT components and accessories, in particular for goods originating in China. These tariff increases also extend to computer input devices and therefore also affect Cherry's core product portfolio. In addition to a flat-rate fentanyl surcharge of 25%, further surcharges of 125% apply to certain product groups (e.g., microphones and headsets). The product groups most relevant to Cherry, keyboards and mice, are currently exempt from these additional surcharges.

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 27, 2025

Cherry SE
The Management Board

Oliver Kaltner	Dr. Udo Streller
CEO	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 27, 2025

Cherry SE

Oliver Kaltner CEO	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, 2024 and the combined management report for the 2024 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 2024, 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 2024, and the 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 2024. In accordance with the requirements of German law, we have not audited the remuneration report pursuant to Sec. 162 AktG, which is referred to in the combined management report under section 6.2 "Remuneration report pursuant to Sec. 162 AktG", nor the corporate governance statement pursuant to Sec. 289f in conjunction with Sec. 315d HGB, nor the separate consolidated non-financial statement published on the website in accordance with Secs. 315b and 315c HGB, which is referred to in the combined management report under section 6.3 "Corporate governance statement and non-financial statement (Sec. 289f, Sec. 315b (3), Sec. 315c and Sec. 315d HGB)" pursuant to Sec. 162 AktG". 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 IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter referred to as "IFRS Accounting Standards"), 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 2024, and of its financial performance for the financial year from 1 January to 31 December 2024, 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.

Material Uncertainty with Regard to the Ability of the Company to Continue as a Going Concern

We refer to section "3. "Significant Estimates, Assumptions and Areas of Judgment", subsection "Going concern assessment" in the notes to the consolidated financial statements and to the disclosures in section "4.2 Risk report" of the combined management report in which the executive directors describe that owing to the dependence of the Group on the continuation of finance provided to the parent company by the main creditor bank, the ability of the Group to continue as a going concern is in doubt on the reporting date and that the future of the Group materially depends on whether the planned restructuring and savings measures can be implemented in order to comply with the existing loan agreements and to return annual profits in the long-term. In the opinion of the executive directors, it is more likely than not that the solvency of the Group has been secured for the current period and within the forecast horizon. For this reason it issues a positive going concern forecast. This is based on the business plan contained in the IDW S6 restructuring report issued by Bachert Unternehmensberatung GmbH & Co. KG, Heilbronn from 17 April 2025, including the revised version issued on 26/27 May 2025, which covers the forecast period until 30 June 2026.

As presented in the section "3. "Significant Estimates, Assumptions and Areas of Judgment", subsection "Going concern assessment" in the notes to the consolidated financial statements and to the disclosures in section "4.2 Risk report" and in section "4.2 Risk report" of the combined management report, these circumstances are an indication of a material uncertainty with regard to the ability of the Company to continue as a going concern and could constitute a risk to the existence of the Company in the sense of Sec. 322 (2) sentence 3 HGB.

In light of the above and given the complexity of the matter, we identified the going concern risks as a key audit matter for our audit of the consolidated financial statements. Our audit opinions on the consolidated financial statements and the combined management report have not been modified in respect of this matter.

In accordance with Art. 10 (2) lit c) of the EU Audit Regulation we summarize our response to this risk as follows:

In order to assess the appropriateness of the business planning we obtained an understanding of the planning process in the course of interviewing the executive directors and the independent expert. On this basis we then identified potential risks of error. In this connection, we assessed whether the independent expert was suitably qualified, independent and without bias, and whether the assumptions on the restructuring and cost-savings measures underlying the expert report and its later revisions are plausible and comply with the requirements of restructuring plans pursuant to IDW S6, taking account of the rulings handed down by highest court. The audit was performed with the involvement of an internal restructuring expert.

The reliability of the business planning was assessed using a retrospective comparison of the deviations between the budget figures underlying the Independent Business Review (IBR) from 22 April 2024 and the actual development of business in the financial year 2024. We included the actual market development of a peer group of companies in 2024, their 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, Munich, and the independent expert in terms of their relevance for the consolidated financial statements of the reporting year. We assessed the significant planning assumptions presented in a discussion with the executive directors of Cherry SE and the independent expert.

In addition, we have reviewed significant components of the finance, i.e. the revised version of the loan agreement with UniCredit Bank GmbH, Munich, and the contract on the sale of the hygiene business.

The assumptions underlying the business planning drawn up by the independent expert, including the stated measures to rescue and restructure the Group, appear plausible and appropriate on the whole and agree with our expectations.

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 2024. 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. In addition to the matter described in the section on "Material Uncertainty with Regard to the Ability of the Company to Continue as a Going Concern", we have also identified the following matters as key audit matters to be included in our independent auditor's report.

1) Recoverability of intangible assets and property, plant and equipment
2) Revenue recognition for sales of hardware

Re 1) Recoverability of intangible assets and property, plant and equipment

a) The risk for the financial reporting

Under intangible assets, the consolidated financial statements of Cherry SE, Munich, present trademarks of EUR 31,947k (prior year: EUR 36,401k), goodwill of EUR 15,987k (prior year: EUR 23,888k), internally generated intangible assets (capitalized development costs) of EUR 7,242k (prior year: EUR 7,652k) and customer bases of EUR 7,022k (prior year: EUR 10,257k). Right-of-use assets for buildings of EUR 3,310k (prior year: EUR 4,950k) and plant and machinery of EUR 1,856k (prior year: EUR 6,275k) are presented under property, plant and equipment. This corresponds to approximately 40% of total assets. Intangible assets and property, plant and equipment are subject to an impairment test by the Company at the end of each reporting year and also during the year (if there is an indication of impairment). The impairment test revealed a need to record impairment losses of EUR 4,427k (prior year: EUR 14,615k) on trademarks, EUR 7,900k (prior year: EUR 55,866k) on goodwill, EUR 3,494k (prior year: EUR 6,604k) on internally generated intangible assets and EUR 1,053k (prior year: EUR 2,514k) on customer bases. In addition, there was a need to record impairment losses of EUR 1,151k (prior year: EUR 2,719k) on right-of-use assets for buildings and plant and machinery and EUR 3,616k (prior year: EUR 13,582k) on plant and machinery. The need to record these impairment losses arose from the fact that the recoverable amounts of these items fell below their carrying amounts in the case of two cash-generating units. As a result, goodwill was written off in its entirety. Thereafter, the remaining impairment losses were allocated to the other items of intangible assets and property, plant and equipment on a pro rata basis.

The impairment test of intangible assets and property, plant and equipment 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 amounts of the CGU's intangible assets and property, plant and equipment are above their recoverable amount of the respective cash-generating unit, an impairment loss must be recorded. In addition, an impairment test was conducted on 30 September 2024 as the failure of the Cherry Group to meet its budget gave an indication of a potential impairment in the financial year 2024. The impairment test on 30 September did not reveal any need to record an impairment. For more information on the accounting policies for intangible assets and property, plant and equipment as well as 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 sections 4. "Significant Accounting Policies", section 6.1 "Property, plant and equipment", section 6.2 "Intangible Assets", and section 6.3 "Right-of-use assets and lease liabilities" as well as section 2.3 "Assets, liabilities, financial position and financial performance" of the combined management report.

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 units 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 – or not fully – identified. For these reasons, 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 assumptions underlying the business planning we obtained an understanding of the planning process in the course of interviewing the executive directors and the officers in charge of 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 the IDW S 6 restructuring report issued by Bachert Unternehmensberatung GmbH & Co. KG, Heilbronn, on 17 April 2025 and revised on 26 May 2025.

The reliability of the business planning was assessed using a retrospective analysis of the deviations between the budget figures underlying the impairment testing performed in previous years and the actual course of business in financial year 2024. 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 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, also with the involvement of one our internal restructuring experts.

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, we reviewed the plausibility of the allocation of intangible assets and property, plant and equipment to the cash-generating units by conducting analytical audit procedures and interviewing employees of Cherry SE.

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 110,448k (prior year: EUR 126,461k) is reported in the consolidated statement of comprehensive income of Cherry SE. As presented in section 8.1 "Revenue" of the notes to the consolidated financial statements and in section 1.1 "Business model" of the combined management report, 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 of error for the consolidated financial statements of Cherry SE 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 conducted a test of design of the processes implemented by the executive directors of Cherry SE for revenue recognition, in particular the consideration of any discount allowed and other sales deductions. Internal controls on the existence of sales transactions were identified and tested. Cut-off was fully tested by means of substantive audit procedures.

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 sample-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.

Sonstige Informationen

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 website which is referred to in section 6.2 of the combined management report under the heading "Remuneration report pursuant to Sec. 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) 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) 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)".
- 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
- the remaining parts of the annual report, 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 are responsible for the preparation of the remuneration report in compliance with the requirements of 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 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 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 IFRS Accounting Standards 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 misstatements, 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 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 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 that a misstatement resulting from fraud is not uncovered is higher than the risk that a misstatement arising from error is not uncovered as fraud involves collusion, conscious misstatements, intentional omissions, misrepresentation to deceive and the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit of the consolidated financial statements and of the 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 the internal controls of the Group and such arrangements and measures.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors 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 IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Plan and execute the audit of the consolidated financial statements to 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, monitoring and inspection of the audit procedures conducted for the purposes of the group audit. 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 controls 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 contained in the attached file „984500DF98AA2E011444-2024-12-31-0-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 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 2024 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 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)) and the International Standard on Assurance Engagements 3000 (Revised)). 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)).

Legal uncertainty regarding the conformity of the interpretation of relevant European laws

Depending on the chosen form of presentation, the consolidated financial statements rendered in the ESEF format are not fully human-readable, due to the conversion process used to render the reporting information into the iXBRL format.

The legal conformity of the interpretation chosen by the executive directors, namely that a human-readable presentation of the reporting information in a certain presentation form in iXBRL format is not explicitly required by Regulation (EU) 2019/815, is subject to significant legal uncertainty, which therefore constitutes an inherent uncertainty in our audit.

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 the independent auditor by the annual general meeting on 24 July 2024. According to Sec. 318 (2) HGB, we qualify as the independent auditors of the consolidated financial statements, as no other auditor has been appointed. We were engaged by the Audit Committee of the Supervisory Board on 20 November 2024. We have been the independent auditor of the consolidated financial statements of Cherry SE, Munich, without interruption 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 responsible for the engagement is Ms. Regine Rössle.

Stuttgart, 28 May 2025

RSM Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Dr. Christoph Eppinger Wirtschaftsprüfer [German Public Auditor]	Regine Rössle Wirtschaftsprüferin [German Public Auditor]

04 Annual Financial Statements

STATEMENT OF FINANCIAL POSITIONS
AS OF DECEMBER 31, 2024

ASSETS

€ thousand	Dec. 31, 2024	Dec. 31, 2023
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	41	7
II. Property, plant and equipment		
1. Other operational and office equipment	35	33
2. Advance payments to suppliers	36	5
III. Long-term financial assets		
Shares in affiliated companies	34,507	81,801
	34,619	81,846
B. CURRENT ASSETS		
I. Receivables and other assets		
1. Trade receivables	11	12
2. Receivables from affiliated companies	50,024	46,727
3. Other assets	548	182
II. Cash on hand and at bank	217	30,991
	50,800	77,912
C. PREPAID EXPENSES	416	445
Total assets	85,835	160,203

EQUITY AND LIABILITIES

€ thousand		Dec. 31, 2024	Dec. 31, 2023
A. EQUITY			
I. Subscribed capital	24,300		24,300
Treasury shares	-1,110		-1,110
(Conditional capital EUR 10,000k, Dec. 31, 2023: EUR 10,000k)		23,190	
II. Capital reserves		257,209	257,209
III. Accumulated deficit		-249,385	-169,732
		31,014	110,667
B. PROVISIONS			
1. Provision for pensions and similar commitments		143	129
2. Tax provisions		0	156
3. Other provisions		1,996	1,880
		2,139	2,165
C. PAYABLES			
1. Liabilities to banks		25,000	45,000
2. Trade payables		570	333
3. Payables to affiliated companies		26,679	668
4. Other payables			
thereof for taxes EUR 123k (Dec. 31, 2023: EUR 1,156k)			
thereof for social security EUR 2k (Dec. 31, 2023: EUR 2k)		433	1,370
		52,682	47,371
Total equity and liabilities		85,835	160,203

INCOME STATEMENT
FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2024

€ thousand	Jan 1. - Dec. 31, 2024	Jan 1. - Dec. 31, 2023
1. Revenue	17,550	14,244
2. Other operating income	551	206
thereof from currency translation EUR 433k (2023: EUR 206k)		
3. Personnel expense		
a) Wages and salaries	7,859	8,075
b) Social security, pension and welfare expenses	1,297	994
4. Depreciation and amortization on intangible assets and property, plant and equipment	27	45
5. Other operating expenses	15,927	4,418
thereof from currency translation EUR 17k (2023: EUR 275k)		
6. Expense for loss transfer	26,510	25,671
7. Other interest and similar income	3,358	2,665
thereof from affiliated companies EUR 2,969k (2023 : EUR 1,970k)		
8. Impairment losses on investments	47,294	134,496
9. Interest and similar expenses	2,235	2,544
thereof to affiliated companies EUR 37k (2023 : EUR 0k)		
thereof from unwinding interest EUR 1k (2023: EUR 1k)		
10. Income taxes	-38	-147
11. Loss after tax	-79,652	-158,981
12. Net loss for the year	**-79,652**	**-158,981**
13. Accumulated deficit brought forward	-169,732	-10,751
14. Accumulated deficit	-249,385	-169,732

ANALYSIS OF CHANGES IN FIXED ASSETS

	Acquisition costs				
€ thousand	Jan 1., 2024	Additions	Disposals	Reclassifications	Dec. 31, 2024
I. Intangible assets					
Franchises, industrial property rights and similar rights and assets, and licenses for such rights and assets acquired for consideration	70	41	-	-	111
II. Property, plant and equipment					
Other operational and office equipment	101	22	-1	-	122
Advance payments to suppliers	5	31	-	-	36
III. Long-term financial assets					
Shares in affiliated companies	216,297	-	-	-	216,297
Total	216,473	94	-1	-	216,566

	Accumulated depreciation, amortization and impairment losses				Carrying amounts	
€ thousand	Jan 1., 2024	Additions	Disposals	Dec. 31, 2024	Dec. 31, 2024	Dec. 31, 2023
I. Intangible assets						
Franchises, industrial property rights and similar rights and assets, and licenses for such rights and assets acquired for consideration	63	7	-	70	41	7
II. Property, plant and equipment						
Other operational and office equipment	68	20	-1	87	35	33
Advance payments to suppliers	-	-	-	-	36	5
III. Long-term financial assets						
Shares in affiliated companies	134,496	47,294	-	181,790	34,507	81,801
Total	134,627	47,321	-1	181,947	34,619	81,846

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, 2024 contained in particular in the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The rules relevant for large-sized companies apply.

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 company register 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 statement of financial positions and the income statement.

Due to the earnings and liquidity development and the dependence on the financing agreement with UniCredit Bank GmbH, Munich, in conjunction with the underlying financial covenants, there are currently significant uncertainties regarding the continuation of the business activities (so-called "going concern risk"). Based on a restructuring plan prepared in cooperation with Bachert & Partner in accordance with the requirements of IDW S6, the support of an external CRO (Chief Restructuring Officer) in its implementation since April 7, 2025, and the possibility of defining additional measures, the Management Board of Cherry SE assumes that the company will continue as a going concern. More detailed explanations of the existing material uncertainties regarding the company's continued existence and the assumptions made by the Management Board can be found in the opportunities and risks section of the combined management report.

COMPANY REGISTER INFORMATION

Cherry SE, with its registered office in Munich, is registered in the Commercial Register of the Local Court of Munich under the number HRB 280912.

ACCOUNTING POLICIES

The financial statements have been prepared using the following accounting policies which are unchanged:

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. The fair value is determined using the income approach. If an investment is deemed to be non-continuing or if the income value is below the liquidation value, the liquidation value is recognized as fair value.

Receivables and other assets are stated at their nominal value. Appropriate allowances are recognized for all items exposed to risk. When assessing whether a receivable from an affiliated company measured at liquidation value is recoverable, a waterfall method is applied. This means that the affiliated company first uses the available assets to service external liabilities and only then – if sufficient assets are still available – to repay intra-group liabilities, with Cherry SE, as the parent company, being serviced last. If the assets are not sufficient to settle Cherry SE's claims, these are written down to the expected repayment amount.

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, 2024, a discount rate of 1.90% was applied. The positive difference between the amounts calculated using the 10-year and 7-year average interest rates as of December 31, 2024 is in general not available for distribution. For the purpose of calculating the difference, a 7-year average interest rate of 1.96% as of December 31, 2024 was applied. Due to a negative difference, there is no distribution restriction.

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 29.61% 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 2024 fiscal year are shown below in an analysis of changes in fixed assets.

As at the end of the previous fiscal year, as of December 31, 2024, long-term financial assets comprised the 100% shareholdings in Cherry Europe GmbH, Auerbach, Cherry Digital Health GmbH, Munich, and Cherry Peripherals GmbH, Munich.

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 9,914k (December 31, 2023: EUR 3,972k).

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, 2023: 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 Company'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, 2023: EUR 1,110k) and revenue reserves by EUR 6,384k (December 31, 2023: EUR 6,384k).

As of December 31, 2024 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 257,209 December 31, 2023: EUR 257,209).

The amount pursuant to Section 253 (6) of the German Commercial Code (HGB) amounts to EUR -53 (31.12.2023: EUR 72 distribution restriction).

Other provisions

Other provisions mainly comprise provisions for services in connection with the annual audit and Supervisory Board activities, as well as for human resources. In the previous year, they included derivative financial instruments from short-term foreign currency hedging transactions amounting to EUR 143 thousand.

Payables

Dec. 31, 2024 in €	Total	thereof with a remaining term of Up to 1 year	from 1 to 5 years	More than 5 years	Amounts pledged as collateral	Collateral type
Liabilities to banks	25,000,000	-	25,000,000	-	25,000,000	Collateral security
Trade payables	569,657	569,657	-	-	-	-
Payables to affiliated companies	26,678,858	26,678,858	-	-	-	-
Other payables	432,852	432,852	-	-	-	-
Total	52,681,367	27,681,367	25,000,000	-	25,000,000	-

Dec. 31, 2023 in €	Total	thereof with a remaining term of Up to 1 year	from 1 to 5 years	More than 5 years	Amounts pledged as collateral	Collateral type
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	-	-	-	-
Total	47,370,615	47,370,615	-	-	-	-

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. The overdraft facility of EUR 10,000k was not being utilized as of December 31, 2023.

The loan agreement originally had a term until June 30, 2026. 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) was charged for amounts not drawn down from tranche A and for the current account overdraft facility. The credit agreement contained 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 of 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, 2023, 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 was 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 was 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.

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 increased by 0.5 percentage points. The Company provides UniCredit Bank GmbH with collateral in the form of trade receivables (December 31, 2024: EUR 14,868) and inventories (December 31, 2024: 31,766) 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 were adapted to the Cherry Group's situation and primarily focus on a minimum level of liquidity. 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 as of the balance sheet date December 31, 2024.

Payables to affiliated companies mainly relate to trade payables amounting to EUR 168k (December 31, 2023: EUR 0k) and liabilities from loss transfers under profit and loss transfer agreements or from the VAT group in the amount of EUR 26,511k (December 31, 2023: EUR 668k). Other liabilities mainly include those arising from payroll tax and severance payments.

EXPLANATORY NOTES TO THE INCOME STATEMENT

Revenues relate to intercompany recharges in accordance with a Group agreement and amounted to EUR 17,550k (2023: EUR 14,244k).

Other operating income totaling EUR 551k (2023: EUR 206k) mainly include foreign currency gains.

Other operating expenses amounting to EUR 15,927k (2023: EUR 4,418k)) included primarily advisory and audit fees amounting to EUR 3,026k (2023: EUR 1,635k), impairments of receivables amounting to EUR 8,747k (2023: EUR 0k) and costs for external services amounting to EUR 1,920k (2023: EUR 1,249k), with the remainder relating to other administrative expenses.

Expenses for loss transfers in 2024 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 mainly resulted from amounts recharged to affiliated companies for loans granted (EUR 2,969k, 2023: EUR 1,970k) and amounts earned on bank balances (EUR 387k, 2023: EUR 693k).

The impairment loss recognized on financial assets relates to the investment in Cherry Europe GmbH (EUR 47,241k, 2023: EUR 134,496k) and the investment in Cherry Peripherals GmbH (EUR 53k; 2023: EUR 0k).

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, 2025 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, 2024 in a timely manner (guarantee to cover obligations).

There are profit transfer agreements with Cherry Europe GmbH, Cherry Digital Health GmbH, and Cherry Peripherals GmbH.

The following other financial obligations existed at the end of the period under report: purchase commitments amounting to EUR 0k (December 31, 2023: EUR 153k), rental and lease agreements amounting to EUR 172k (December 31, 2023: EUR 137k).

MANAGEMENT BOARD AND SUPERVISORY BOARD

The Management Board during the 2024 fiscal years comprised:

- Oliver Kaltner, Chief Executive Officer (Chairman of the Management Board)
- Dr. Mathias Dähn, Chief Financial Officer (until July 19, 2024)
- 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:

2024

in €	Basic salary and social security contributions	Bonus 2024	Company car and pension contributions	Remuneration after retirement	Termination benefits	Total remuneration
Oliver Kaltner	420,687	105,825	18,500	-	-	545,012
Dr. Mathias Dähn	181,358	-	3,626	-	367,338	552,322
Dr. Udo Streller	308,617	32,400	25,163	-	-	366,180
Total	**910,662**	**138,225**	**47,289**	**-**	**367,338**	**1,463,514**

The Management Board members also received conditionally awarded shares with a value of EUR 885,000, which will only be paid out in cash or shares after the end of the performance period (end of 2026) and a further year of the holding period (end of 2027) if the criteria required for this have been met after the end of the performance period.

In the 2024 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, 2024): 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, 2024): None

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, 2024):
    - 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 2027
- 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, 2024):
  - Ardent Medical Corporation, Boynton Beach, Florida, United States of America: President

Dino Sawaya (born 1983)

- Member until: July 24, 2024 (previously member of the Supervisory Board of Cherry AG since May 25, 2021)
- Principal occupation: Private equity investor

Charlotte Hovmand Johs (born 1964)

- Member since: May 17, 2023
- Elected until: End of the Annual General Meeting 2025 (step down from mandate as of February 28, 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, 2024): None

Harald von Heynitz (born 1960)

- Member since: April 2, 2024 (appointed by the court), July 24, 2024 (elected by the Annual General Meeting)
- Elected until: End of the Annual General Meeting 2025
- Principal occupation: Managing Director of WTS Advisory GmbH
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as of December 31, 2024):
  - Fluence Energy Inc., Virginia, United States of America: member of the Board (Chairman of the Audit Committee)

Dr. Ashley Saulsbury (born 1967)

- Member since: July 24, 2024
- Elected until: End of the Annual General Meeting 2027
- Principal occupation: Advisor of the Board Onfido Ltd.
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as of December 31, 2024): None

The expense for the fixed remuneration of the Supervisory Board for the 2024 fiscal year amounted to EUR 482k (2023: EUR 488k). Other remuneration, mainly travel expenses, totaled EUR 23k (2023: EUR 49k).

As in the previous year, no loans or advances were granted to members of the Management Board or Supervisory Board in 2024.

SHAREHOLDINGS (VALUES IN EUR)

Direct and indirect investments as of December 31, 2024

	Shareholding in %	Equity	Net profit/loss for the year
Cherry Europe GmbH, Auerbach[2]	100	43,754,012.47	0.00
Cherry Digital Health GmbH, Munich[2]	100	4,788,539.32	0.00
Cherry Peripherals GmbH, Munich[2]	100	50,100.00	0.00
Cherry E-Commerce GmbH, Munich	100	(2,798,389.71)	(2,215,965.46)
Cherry Embedded Solutions GmbH, Vienna, Austria[1]	100	4,416,275.12	301,071.87
Cherry Xtrfy AB, Landskrona (Sweden)[1]	100	(797,911.21)	(1,184,495.74)
Zhuhai Cherry Electronics Co. Ltd., Zhuhai City, China[1]	100	10,270,506.53	2,833,703.41
Cherry Electronics (Hong Kong) Co Ltd., Hong Kong, China[1]	100	2,421,857.09	(97,513.23)
Cherry Taiwan Electronics Co., Ltd., Taiwan[1]	100	52,960.25	6,158.57
Cherry Americas LLC, Kenosha, USA[1]	100	1,033,977.09	(2,524,383.40)
Cherry S.A R.L., Paris, France[1]	100	325,663.73	22,209.76

1 Equity and net income in accordance with IFRS reporting
2 Direct investments

OTHER DISCLOSURES

Cherry SE employed an annual average of 91 employees (head count) during the 2024 fiscal year (2023: 75) and 93 employees (head count) as of the end of the reporting period (2023: 78). These are employed in the areas of materials management (27 people), administration (33 people), IT (10 people), development (16 people) and marketing (5 people) (annual average in each case).

The Company prepares consolidated financial statements for the smallest circle of Group entities and publishes them in the company register.

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)

- SMALLCAP World Fund, Inc. informed the Company that its share of voting rights fell below the threshold of 3% of the Company's share capital on June 3, 2024 and on that date held 0 voting rights. This corresponds to 0.00% of the share capital.
- The Capital Group Companies, Inc. informed the Company that its share of voting rights fell below the threshold of 3% of the Company's share capital on June 3, 2024 and on that date held 0 voting rights. This corresponds to 0.00% of the share capital.
- Bank of America Corporation informed the Company that its share of voting rights exceeded the threshold of 3% of the Company's share capital on June 3, 2024 and on that date held 1,116,364 voting rights. This corresponds to 4.59% of the share capital.
- Marcel Jo Maschmeyer informed the Company that his share of voting rights fell below the threshold of 3% of the Company's share capital on June 6, 2024 and on that date held 621,133 voting rights. This corresponds to 2.56% of the share capital.
- UBS Group AG informed the Company that its share of voting rights exceeded the threshold of 3% of the Company's share capital on July 15, 2024 and on that date held 760,739 voting rights. This corresponds to 3.13% of the share capital.
- Schroders Plc informed the Company that its share of voting rights exceeded the threshold of 3% of the Company's share capital on July 31, 2024 and on that date held 738,088 voting rights. This corresponds to 3.04% of the share capital.
- Quaero Capital Funds (Lux) informed the Company that its share of voting rights exceeded the threshold of 3% of the Company's share capital on July 31, 2024 and on that date held 731,361 voting rights. This corresponds to 3.01% of the share capital.
- Quaero Capital SA informed the Company that its share of voting rights exceeded the threshold of 3% of the Company's share capital on July 31, 2024 and on that date held 731,361 voting rights. This corresponds to 3.01% 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 August 9, 2024 and on that date held 718,892 voting rights. This corresponds to 2.96% of the share capital.
- Schroders Plc informed the Company that its share of voting rights fell below the threshold of 3% of the Company's share capital on September 18, 2024 and on that date held 720,551 voting rights. This corresponds to 2.97% of the share capital.
- Quaero Capital SA informed the Company that its share of voting rights fell below the threshold of 3% of the Company's share capital on October 7, 2024 and on that date held 434,027 voting rights. This corresponds to 1.79% of the share capital.
- Quaero Capital Funds (Lux) informed the Company that its share of voting rights fell below the threshold of 3% of the Company's share capital on October 7, 2024 and on that date held 434,027 voting rights. This corresponds to 1.79% of the share capital.
- The Goldman Sachs Group, Inc. informed the Company that its share of voting rights exceeded the threshold of 3% of the Company's share capital on October 4, 2024 and on that date held 751,936 voting rights. This corresponds to 3.09% of the share capital.

- The Goldman Sachs Group, Inc. informed the Company that its share of voting rights fell below the threshold of 3% of the Company's share capital on October 7, 2024 and on that date held 708,693 voting rights. This corresponds to 2.92% of the share capital.
- DWS Investment GmbH informed the Company that its share of voting rights exceeded the threshold of 3% of the Company's share capital on November 7, 2024 and on that date held 764,000 voting rights. This corresponds to 3.14% of the share capital.
- DWS Investment GmbH informed the Company that its share of voting rights fell below the threshold of 3% of the Company's share capital on November 8, 2024 and on that date held 35,000 voting rights. This corresponds to 0.14% of the share capital.
- DWS Investment GmbH informed the Company that its share of voting rights exceeded the threshold of 3% of the Company's share capital on November 25, 2024 and on that date held 764,000 voting rights. This corresponds to 3.14% of the share capital.
- DWS Investment GmbH informed the Company that its share of voting rights fell below the threshold of 3% of the Company's share capital on November 26, 2024 and on that date held 250,711 voting rights. This corresponds to 1.03% of the share capital.
- DWS Investment GmbH informed the Company that its share of voting rights exceeded the threshold of 3% of the Company's share capital on December 6, 2024 and on that date held 764,000 voting rights. This corresponds to 3.14% of the share capital.
- DWS Investment GmbH informed the Company that its share of voting rights fell below the threshold of 3% of the Company's share capital on December 9, 2024 and on that date held 487,247 voting rights. This corresponds to 2.01% 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

On April 22, 2025, Cherry SE agreed with UniCredit Bank GmbH, Munich, to extend the loan agreement on adjusted financing terms. The term of the agreement will be extended by one and a half years to December 31, 2027 (previously: June 30, 2026). In return, the loan amount will be reduced from EUR 25.0 million to EUR 23.0 million. The total repayment of EUR 2.0 million is to be made in two tranches of EUR 1.0 million each on June 30, 2025, and February 28, 2026. The interest rate remains unchanged at EURIBOR plus a margin of 3.75% p.a.

The extension of the financing was based on the presentation of a comprehensive restructuring plan, which Cherry prepared together with an external expert (Bachter & Partner) and in accordance with the provisions of IDW S 6. The former financial covenants based on the net leverage ratio, which were suspended until March 31, 2025, were deleted in this context. The most recently valid financial covenants, which stipulate minimum liquidity for the Group, remain in place and was updated based on the planning in the S 6 report.

With effect from April 7, 2025, an external CRO (Chief Restructuring Officer) has taken up his duties at Cherry SE. His main tasks include coordinating and monitoring the measures contained in the restructuring plan.

In addition to measures to reduce costs and optimize margins, the restructuring plan includes, among other things, the complete discontinuation of switch production at the Auerbach site and its relocation to a partner in China. In this context, jobs are also to be cut in a socially responsible manner in consultation with the works council. The Auerbach site will be maintained and converted into a development, logistics, and service center for Europe.

On May 8, 2025, Cherry signed an agreement to sell its hygienic input devices business (formerly Active Key) in the form of an asset deal to Danish peripheral device manufacturer Contour Design Nordic A/S. With effect from May 28, 2025 (closing date), this will be transferred to the new owner:

- Down payment of EUR 10,347k at closing (May 28, 2025), consisting of an upfront purchase price of EUR 12,500k and an adjustment to normalized trade working capital of -EUR 2,153k (based on the trade working capital as of March 31, 2025). The adjustment amount will be settled in June 2025 based on the closing accounts (as of May 31, 2025).
- Performance-related payment in the form of an earn-out model based on adjusted EBITDA of up to EUR 5,501k for the remainder of 2025 and for 2026.
- Performance-related payment of EUR 3,000k after the end of the 2026 calendar year if the underlying plans are met.

The sale will increase the liquidity of Cherry Digital Health GmbH, which will indirectly benefit the liquidity of Cherry SE. The positive effect on earnings from the sale will be reflected in Cherry SE's results through the profit transfer agreement with Cherry Digital Health GmbH.

Due to the purchase price for the hygienic peripheral equipment business falling below the price assumed in the S6 report and a deviation in sales and earnings in April 2025, the original planning in the S6 report for a review period of 13 months (May 2025 to June 2026) was updated by Bachert & Partner on the basis of the new findings in cooperation with the company. Bachert & Partner. In cooperation with the CRO, the Management Board has developed an additional package of measures that will, with a high degree of probability, ensure the Group's full financing during the period under review. The measures were acknowledged by Bachert & Partner, which subsequently confirmed the full financing for the period under review.

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 10, 2025, 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	2024	2023
Audit services	725	983
Other assurance services	4	-
Tax advisory services	-	-
Other services	-	10
Total	729	993

For the 2024 fiscal year, in agreement with the Supervisory Board and with the approval of the Annual General Meeting on July 24, 2024, the auditor firm RSM Ebner Stolz (RSM Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart), was elected as in previous year.

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 audit of Cherry SE.

In the year 2024, fees were paid for the audit of CSRD readiness (other assurance services).

As in the previous year, no tax advisory services were provided by the auditor.

An amount of EUR 0k (2023: EUR 87k) 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 2024.

TAKEOVER-RELEVANT DISCLOSURES (SECTION 289A HGB)

1. As of December 31, 2024, 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. 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%.

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%.

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 27, 2025

Cherry SE

Oliver Kaltner
(CEO)

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, 2024 and the combined management report for the 2024 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 2024 and the statement of profit or loss for the financial year from 1 January to 31 December 2024 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 2024. In accordance with the requirements of German law, we have not audited the remuneration report pursuant to Sec. 162 AktG, which is referred to in the combined management report under section 6.2 "Remuneration report pursuant to Sec. 162 AktG", nor the corporate governance statement pursuant to Sec. 289f in conjunction with Sec. 315d HGB, nor the separate consolidated non-financial statement published on the website in accordance with Secs. 315b and 315c HGB, which is referred to in the combined management report under section 6.3 "Corporate governance statement and non-financial statement (Sec. 289f, Sec. 305b (3), Sec. 305c and Sec. 315d HGB)" pursuant to Sec. 162 AktG". 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 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 2024 and of its financial performance for the financial year from 1 January to 31 December 2024 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.

Material Uncertainty with Regard to the Ability of the Company to Continue as a Going Concern

We refer to the "General information" section in the notes to the financial statements and to the disclosures in section "4.2 Risk report" of the combined management report in which the executive directors describe that owing to the dependence of the Company on the continuation of finance from the main creditor bank, the ability of the Company to continue as a going concern is in doubt on the reporting date and that the future of the Company materially depends on whether the planned restructuring and savings measures can be implemented in order to comply with the existing loan agreements and to return annual profits in the long-term. In the opinion of the executive directors, it is more likely than not that the solvency of the Company has been secured for the current period and within the forecast horizon. For this reason it issues a positive going concern forecast. This is based on the business plan contained in the IDW S6 restructuring report issued by Bachert Unternehmensberatung GmbH & Co. KG, Heilbronn (independent expert) from 17 April 2025, including the revised assessments and planning issued on 26/27 May 2025, which covers the forecast period until 30 June 2026.

As presented in the "General information" section in the notes to the financial statements and in section "4.2 Risk report" of the combined management report, these circumstances are an indication of a material uncertainty with regard to the ability of the Company to continue as a going concern and could constitute a risk to the existence of the Company in the sense of Sec. 322 (2) sentence 3 HGB.

In light of the above and given the complexity of the matter, we identified the going concern risks as a key audit matter for our audit of the financial statements. Our audit opinions on the annual financial statements and the combined management report have not been modified in respect of this matter.

In accordance with Art. 10 (2) lit c) of the EU Audit Regulation we summarize our response to this risk as follows:

In order to assess the appropriateness of the business planning we obtained an understanding of the planning process in the course of interviewing the executive directors and the independent expert. On this basis we then identified potential risks of error. In this connection, we assessed whether the independent expert was suitably qualified, independent and without bias, and whether the assumptions on the restructuring and cost-savings measures underlying the expert report and its later revisions are plausible and comply with the requirements of restructuring plans pursuant to IDW S6, taking account of the rulings handed down by highest court. The audit was performed with the involvement of an internal restructuring expert.

The reliability of the business planning was assessed using a retrospective comparison of the deviations between the budget figures underlying the Independent Business Review (IBR) from 22 April 2024 and the actual development of business in the financial year 2024. We included the actual market development of a peer group of companies in 2024, their 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, Munich, and the independent expert in terms of their relevance for the financial statements of the reporting year. We assessed the significant planning assumptions presented in a discussion with the executive directors of Cherry SE and the independent expert.

In addition, we have reviewed significant components of the finance, i.e. the revised version of the loan agreement with UniCredit Bank GmbH, Munich, and the contract on the sale of the hygiene business.

The assumptions underlying the business planning drawn up by the independent expert, including the stated measures to rescue and restructure the Group, appear plausible and appropriate on the whole and agree with our expectations.

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 2024. 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. In addition to the matter described in the section on "Material Uncertainty with Regard to the Ability of the Company to Continue as a Going Concern", we have also identified the following matter as a key audit matter to be included in our independent auditor's report.

We have identified the impairment testing of shares in affiliated companies and receivables from 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 34,507k (prior year: EUR 81,801k) under "financial assets" in the financial statements of Cherry SE, Munich. The corresponds to approximately 40.2% (prior year: approximately 51%) of the balance sheet. In the course of compiling the financial statements an impairment loss of EUR 47,294k (prior year: EUR 134,496k) was recorded on these assets as their fair value was below their carrying amount.

In addition, receivables from affiliated companies of EUR 50,024k (prior year: EUR 46,727k) are presented under "receivables and other assets" in the financial statements of Cherry SE, Munich. The corresponds to approximately 58.3% (prior year: approximately 29%) of the balance sheet. In the course of compiling the financial statements an impairment loss of EUR 8,747k (prior year: EUR 0k) was recorded on these assets as their fair value was below their carrying amount.

Management conducts an annual impairment test of the carrying amounts of its investments in and receivables from affiliated companies on the reporting date. According to the comments of management listed in the section on "Accounting policies" in the notes to the financial statements and in section "3.1 Financial performance of Cherry SE (HGB)" of the combined management report, shares in affiliated companies and receivables from affiliated companies are measured at the lower of cost or net realizable value under German GAAP (HGB).

The fair value of shares in affiliated companies 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 liquidation value is set as the lower limit. The equity investment in Cherry Digital Health GmbH, Munich, was measured using the capitalized earnings method. The equity investments in Cherry Europe GmbH, Auerbach in der Oberpfalz, and Cherry Peripherals GmbH, Munich, were measured using the liquidation value. Receivables from affiliated companies were then measured using waterfall analysis on this basis.

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 and receivables from affiliated companies is therefore 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 and receivables from 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 assumptions underlying the business planning we obtained an understanding of the planning process in the course of interviewing the executive directors and the officers in charge of 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. In addition, we examined whether the waterfall analysis conducted by the Company to measure receivables from affiliated companies is the proper treatment. We compared the planning figures used to measure equity investments against the business planning contained in the IDW S6 restructuring report drawn up by Bachert Unternehmensberatung GmbH & Co. KG, Heilbronn, dated 17 April 2025.

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 2024. 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 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 measurement of equity investments and receivables 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 website which is referred to in section 6.2 of the combined management report under the heading "Remuneration report pursuant to Sec. 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) 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) 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)"

- the report of the Supervisory Board

- the remaining parts of the annual report, with the exception of the financial statements, the audited components of the combined management report and our auditor's report,

- the confirmation from management pursuant to Sec. 264 (2) sentence 3 HGB in conjunction with Sec. 289 (1) sentence 5 in conjunction with Sec. 315 (1) sentence 5 HGB (that the annual financial statements present a true and fair view)

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 are responsible for the preparation of the remuneration report in compliance with the requirements of 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 misstatements, 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 that a misstatement resulting from fraud is not uncovered is higher than the risk that a misstatement arising from error is not uncovered as fraud involves collusion, conscious misstatements, intentional omissions, misrepresentation to deceive and the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit of the annual financial statements and of the 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 the internal controls of the Company and such arrangements and measures.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors 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 controls 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-2024-12-31-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 2024 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 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)) and the International Standard on Assurance Engagements 3000 (Revised)]. 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 24 July 2024. We were engaged by the Audit Committee of the Supervisory Board on 20 November 2024. We have been the independent auditor of the financial statements of Cherry SE, Munich, without interruption 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 responsible for the engagement is Ms. Regine Rössle.

Stuttgart, 28 May 2025

RSM Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Dr. Christoph Eppinger	Regine Rössle
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

FINANCIAL CALENDAR 2025

Annual Report	May 30, 2025
Annual General Meeting	July 22, 2025
Publication of the half-year financial report	August 14, 2025
Publication of the quarterly financial report (Q3 reporting date)	November 13, 2025

IMPRINT

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