HALF-YEAR REPORT

H1/2024

CHERRY

KEY GROUP FIGURES (IFRS)

€ million / as reported	April 1 to June 30, 2024	April 1 to June 30, 2023	Change	Jan. 1 to June 30, 2024	Jan. 1 to June 30, 2023	Change
Revenue	31.3	32.6	-4.0%	61.6	61.3	0.4%
thereof GAMING & OFFICE PERIPHERALS	21.1	24.4	-13.7%	41.7	44.5	-6.2%
thereof DIGITAL HEALTH & SOLUTIONS	8.3	5.6	48.7%	16.2	10.1	60.5%
thereof COMPONENTS	1.9	2.6	-28.1%	3.6	6.7	-46.3%
Gross profit	10.2	11.9	-14.1%	20.9	18.5	13.1%
Gross profit margin	32.7%	36.6%	-3.9 pp	34.0%	30.2%	3.8 pp
EBITDA	0.8	4.4	-81.8%	0.6	1.5	-60.0%
EBITDA (adjusted)1	1.6	4.5	-64.4%	2.4	3.2	-23.5%
EBITDA margin	2.6%	13.4%	-10.8 pp	1.1%	2.5%	-1.4 pp
EBITDA margin (adjusted)1	5.1%	13.8%	-8.7 pp	4.0%	5.2%	-1.2 pp
EBIT	-1.2	0.9	-242.4%	-3.3	-5.7	-41.8%
EBIT (adjusted)[1]	-0.4	1.0	-144.0%	-1.5	-4.1	-62.3%
Group net loss/profit	-3.3	0.3	-1231.0%	-6.6	-5.0	31.2%
Earnings per share (in €)	-0.14	0.01	-1500.0%	-0.28	-0.22	27.3%
Cash flows from operating activities	-2.8	-8.7	-68.0%	-5.3	-26.6	-80.0%
Cash flows from investing activities	-1.6	-2.3	-28.6%	-2.7	-8.3	-67.2%
Free cash flow	-4.5	-11.0	-59.4%	-8.1	-34.9	-76.9%

€ million / as reported	June 30, 2024	Dec. 31, 2023	Change
Total assets	206.0	238.6	-13.7%
Cash and cash equivalents	15.6	46.1	-66.2%
Net working capital[2]	60.3	55.9	7.9%
Equity	116.2	122.1	-4.8%
Equity ratio	56.4%	51.2%	5.2 pp
Net debt (+) / net cash (-)[3]	-28.7	-19.7	45.7%
Employees	420	476	-11.8%
Employees (FTEs)	365	444	-17.8%

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

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 Investment Banking
Xetra closing price as of June 30, 2024	€2.55
Market capitalization as of June 30, 2024	€59.1 million

DEAR SHAREHOLDERS,

In the first half of 2024, we made further progress with the revitalization of Cherry.

The transformation from a pure manufacturer of switches and peripheral devices to an integrated hardware, software, and cloud services company is currently in full swing. During the first six months of the current fiscal year, we made further progress towards achieving our aim of developing Cherry SE into an international provider of agnostic digital ecosystems.

The optimizations implemented during the transformation year of 2023 have left their mark on Sales, Marketing, and Operations alike. However, the new foundation, which the Cherry team has worked rigorously and consistently to create, is the starting point for a promising future. As part of Project North, we have had to reduce the size of our global team by 105 employees across all organizational levels and relocate the production of MX2 switches for the OEM business from Germany to China. This production under Cherry's leadership now offers considerable advantages. Firstly, the Cherry MX2 switches are now being produced where the PC keyboards are also made globally. Secondly, we have significantly cut our manufacturing and logistics costs while continuing to guarantee excellent quality.

The three business segments of Cherry SE, i.e. COMPONENTS, GAMING & OFFICE PERIPHERALS, and DIGITAL HEALTH & SOLUTIONS, are now closely interlinked and better synchronized. In the latter, the evolution of our business model from a provider of e-health terminals to a platform provider with diverse sources of revenue has long been part of our current activities.

In June 2024 we presented our new brand identity under the catchphrase "CHERRY – ENTER EXCELLENCE". Fresh and modern, striking and attractive, future-oriented and with respect for its origins, the brand drives emotionality, commitment, and loyalty. It forms the basis for our design language – and also essentially stands for our corporate culture. Over the next few months, we will introduce our new brand concept to the international markets.

As a cohesive team, we, i.e. Oliver Kaltner (CEO) and Dr Udo Streller (COO), form the nucleus of the Management Board of Cherry SE, as we have had to cope with the absence of CFO Dr Mathias Dähn since mid-December 2023. Furthermore, in a corporate announcement made on July 19, 2024, the Supervisory Board of Cherry SE stated that Dr Mathias Dähn will leave the company prematurely with effect from July 31, 2024.

Since February 5, 2024, Volker Christ has been acting as interim CFO and reports directly to the Management Board. On June 27, 2024, we announced that we have now been able to recruit Volker Christ for Cherry SE on a longer-term basis with effect from August 1, 2024. As Executive Vice President, he will assume responsibility for Global Finance and IT. He will continue to report directly to the Management Board and is therefore not a member thereof. His appointment has met with a broad, positive response both internally and from shareholders and representatives of the capital market.

Furthermore, the Supervisory Board has decided that the position of CFO will not be directly replaced on the Management Board of Cherry SE. Instead, the Management Board will be represented by Dr Udo Streller as COO and Oliver Kaltner (CEO) with immediate effect.

By significantly strengthening our management team at international level and creating new positions in key operational functions, we are continuing to drive forward our corporate development, which also takes into account the essential aspects of dynamic corporate management in a hybrid working environment.

We would like to take this opportunity to expressly thank the entire Cherry team for their outstanding personal commitment during the first six months of the year and extend a warm welcome to all our new colleagues.

Munich, August 2024

Oliver Kaltner
CEO

Dr Udo Streller
COO

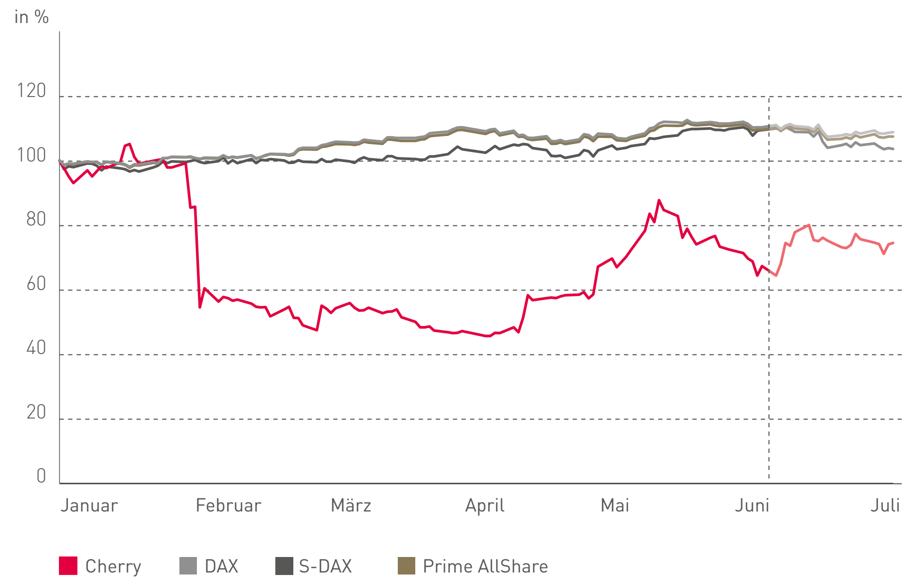
CHERRY ON THE CAPITAL MARKET

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.

PERFORMANCE OF THE CHERRY SHARE

Capital market activity in the first half of 2024 was characterized by a further decline in inflation rates in the eurozone and, to a lesser extent, in the USA as well as the first interest rate cuts by leading central banks. While the DAX grew by just under 9% in the first six months of the year, the MDAX lost just over 7% during the same period. The SDAX recorded moderate growth of just under 3%. The liquidity of the German stock market painted a more consistent picture: due to the relative weakness of the German economic environment, the majority of investors preferred to invest in other regions or asset classes. The net outflow of liquidity from German stocks was particularly pronounced in the small- and mid-cap segment. The Cherry share was also significantly impacted by this trend and its daily trading volume dried up noticeably during the first half of 2024.

RELATIVE PERFORMANCE OF THE CHERRY SHARE

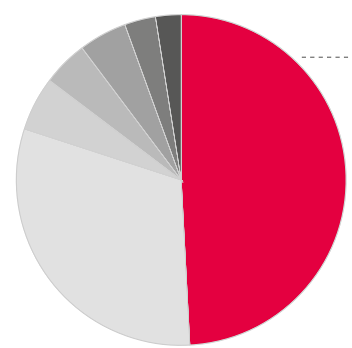


ANALYSTS

Institute	Analyst	Recommendation	Target price	Date
ABN AMRO / ODDO BHF	Julian Dobrovolschi	Neutral	€ 4,00	April 30, 2024
Hauck Aufhäuser Investment Banking	Marie-Thérèse Gruebner	Buy	€ 4,00	July 25, 2024
Metzler Capital Markets	Oliver Frey	Hold	€ 3,10	July 26, 2024
Montega AG – Equity Research	Miguel Lago Mascato	Buy	€ 3,50	July 25, 2024
Warburg Research	Jörg Philipp Frey	Buy	€ 4,00	July 25, 2024

SHAREHOLDER STRUCTURE[1]

2,6% Paladin Asset Management
3,1% UBS Group AG
4,6% Cherry SE (Treasury Shares)
4,6% Merrill Lynch International
5,3% Lemanik Asset Management
30,8% Argand Partners Fund GP-GP[2]



49,0% Remaining free float[3]

1 Information is based on voting rights notifications pursuant to Art. 40, Para. 1 of the German Securities Trading Act (WpHG).
2 Based on internal investor reporting to Cherry, not subject to disclosure.
3 Includes 0.4% held directly and indirectly by the members of the Management Board.

Cherry Group Half-Year Management Report as of June 30, 2024

1. REPORT ON ECONOMIC POSITION

In the first six months of 2024, Cherry generated Group revenue totaling EUR 61.6 million and an adjusted EBITDA of EUR 2.4 million. Group revenue is therefore 0.4% up on the comparable figure of EUR 61.3 million generated one year earlier and the adjusted EBITDA margin of 4.0% is 1.2 percentage points below the previous year's profitability level of 5.2%.

The higher revenue is due in particular to the performance of the DIGITAL HEALTH & SOLUTIONS segment. Against the backdrop of the increasing digitalization of the German healthcare system based on the laws passed by the Federal Ministry of Health in 2023 and in view of the noticeable backlog regarding modernization, Cherry SE continued to enhance its business model with a particular focus on the Digital Health & Solutions segment during the six-month period under report. In future, the indirect sale of hardware for the telematics infrastructure (TI) via systems partners is to be supplemented by cloud-based business models (SaaS) in the digital healthcare sector in order to tap into recurring sources of revenue in addition to the existing business models and further increase the already above-average profitability of this segment within the Group going forward. The planned expansion of Cherry's range of products and services is to be supported by greater investment in the field of research and development.

The laws that came into force during the first half of 2024, the Digital Act ("DigiG") and the Health Data Usage Act ("GDNG"), will shape the sector-related framework conditions in the German healthcare market moving forward. The e-prescription has been mandatory since January 1, 2024 and already established itself as a fully digital standard in the supply of medicines. The legal requirement for the electronic patient record (ePA) is set to follow as early as January 1, 2025. Moreover, digital health applications (DiGA) will be brought closer to the point of care and the use of video consultations and teleconsultations will be expanded, among other measures. These innovations will drive major demand for a variety of cloud-based software applications for the various players and service providers (B2B, B2C, B2B2C) in the German healthcare system in the future, including TI messaging, i.e. secure communication within the telematics infrastructure (TI). Against this backdrop, the introduction of new applications, the provision for new user groups, and the cultivation of partnerships to accelerate the digitalization of the medical sector are determining Cherry SE's day-to-day business. It is Cherry's declared aim to further develop its business model in this area from a manufacturer of e-health terminals to a platform provider with diverse forms of revenue. The resulting partial decoupling from global economic fluctuations also has the benefit of diversifying risk. In particular, being less dependent on the volatility of consumer demand could increase the predictability of income.

In economic terms, the Organization for Economic Cooperation and Development (OECD) is now forecasting global economic growth of 3.1% for 2024 after a somewhat gloomier outlook at the beginning of the year. Accordingly, expansion is expected for all 38 member states of the OECD with the exception of Finland and Estonia. This upward trend is mainly being driven by the USA, where consumers continue to spend some of the savings they built up during the pandemic. A gradual easing of financing conditions is also having a positive impact, with gross domestic product (GDP) in the USA expected to rise by 2.6%, a significant improvement on the previously forecast 2.1%. Asia is again likely to make a major contribution to global economic growth in the period 2024–2025, according to the OECD.

Global growth is therefore maintaining its momentum. At the same time, economies in countries and regions relevant for Cherry are developing at different speeds and, according to the OECD, global inflation levels are still above the target values. For 2025, the organization now predicts global growth of 3.2% and an inflation rate of 3.4%.

For Germany, Cherry's home market, meager growth of just 0.2% is expected in 2024, another 0.1 percentage points lower than forecast in February. For the eurozone as a whole, the OECD forecasts a growth rate of 0.7%, partly due to the continued restrictive credit conditions, a rather weak outlook compared to other economic regions.

Geopolitical tensions remain a major source of uncertainty and have further deteriorated with the growing intensification of the Middle East conflict. The threats to shipping in the Red Sea are driving up freight costs and extending lead times. In the event of an escalation, these factors could cause a renewed hike in the price of goods and jeopardize the economic recovery.

The Gesellschaft für Konsumforschung (GfK) expects the road out of the consumer slump to be long and arduous. Despite the brief upturn in July, possibly supported by the European Football Championship, the propensity to buy in Germany is currently still in negative territory and even below that witnessed at the time of the pandemic-related lockdowns.

BUSINESS PERFORMANCE

The macroeconomic environment continued to be challenging throughout the first half of the current fiscal year.

In the first half of 2024, the DIGITAL HEALTH & SOLUTIONS segment confirmed the positive trends of the first quarter and reported its highest six-month revenue to date. By contrast, sales in the GAMING & OFFICE PERIPHERALS and COMPONENTS segments were down on the previous year.

In the first half of the year, Cherry generated Group revenue amounting to EUR 61.6 million (H1/2023: EUR 61.3 million) and adjusted EBITDA of EUR 2.4 million (H1/2023: EUR 3.2 million). The figure corresponds to an adjusted EBITDA margin of 4.0% (H1/2023: 5.2%).

Overall, business performance is proceeding in line with the plan drawn up by management. A year-on-year decline in both revenue and adjusted EBITDA was anticipated back in the first half of 2023 and taken into account accordingly in the corporate plan, which also formed the basis for the forecast for the current fiscal year. Although the result achieved is of course not satisfactory for Cherry, the first positive developments have been brought about in recent months by employing targeted management strategies. With a combination of rigorous sales management and a raft of operational improvements, Cherry has succeeded in surpassing its own expectations and reaching the break-even point in terms of (adjusted) EBITDA by the halfway point of the current fiscal year.

The overriding objective of the Management Board is to get the Group back on course for renewed growth. With this aim in mind, high expenses and investments have already been allocated to the strategic realignment of the Cherry Group during the current fiscal year. Apart from adjustments to sales structures and the product portfolio, the strategy includes in particular a planned diversification of the business model. Furthermore, the rigorous implementation of operational measures to sustainably cut costs, eliminate inefficiencies, and leverage synergies is intended to ensure long-term profitability.

Segment performance

The COMPONENTS segment generated revenue of EUR 6.0 million (H1/2023: EUR 6.9 million) in the first six months of the current fiscal year. The figure includes revenue from intragroup deliveries and services amounting to EUR 2.4 million (H1/2023: EUR 0.2 million), which was eliminated within the Group. External revenue therefore amounted to EUR 3.6 million and decreased by 46.2% year on year (H1/2023: EUR 6.7 million).

Firstly, the business performance of the COMPONENTS segment during the first half of 2024 continued to be held down by weak demand and a challenging gaming market environment. Secondly, in the course of the restructuring measures, the production of switches at the Auerbach site was largely discontinued in the second half of 2023 in order to relocate the production of MX2 switches to an external manufacturing partner in China. Revenue for the first half of 2024, during which production at the new manufacturing partner in China started as scheduled, was therefore predicted to be correspondingly low. We expect production to be ramped up as planned in the second half of 2024 and the projected sales targets to be achieved by the end of the year.

Despite the significant decline in revenue, adjusted EBITDA for the segment was EUR 0.6 million above the previous year's level of EUR 0.5 million, an improvement in the adjusted EBITDA margin of 3.7 percentage points to 10.7% (H1/2023: 7.0%). Adjusted EBIT also improved to negative EUR -0.3 million (H1/2023: EUR -3.1 million), resulting in an adjusted EBIT margin of -4.2% (H1/2023: -45.5%). These improvements are mainly due to the restructuring measures implemented.

Total revenue generated by the GAMING & OFFICE PERIPHERALS segment in the six-month period ended June 30, 2024 decreased by 6.2% year on year to EUR 41.7 million (H1/2023: EUR 44.5 million). The segment did not generate any inter-segment revenue within the Group.

The downturn in revenue was primarily driven by the sustained price pressure as a result of high inventories on the market coupled with low consumer demand for office devices. In this respect, revenue declined in almost every market compared to the previous six-month period, resulting in an overall drop in revenue of EUR 3.7 million. Only in the USA was it possible to grow revenue by 10.2%, partly due to the expansion

€ million / as reported	COMPONENTS Jan. 1 to June 30, 2024	COMPONENTS Jan. 1 to June 30, 2023	COMPONENTS Change	GAMING & OFFICE PERIPHERALS Jan. 1 to June 30, 2024	GAMING & OFFICE PERIPHERALS Jan. 1 to June 30, 2023	GAMING & OFFICE PERIPHERALS Change	DIGITAL HEALTH & SOLUTIONS Jan. 1 to June 30, 2024	DIGITAL HEALTH & SOLUTIONS Jan. 1 to June 30, 2023	DIGITAL HEALTH & SOLUTIONS Change	Konzern Jan. 1 to June 30, 2024	Konzern Jan. 1 to June 30, 2023	Konzern Change
Revenue (external)	3.6	6.7	-46.2%	41.7	44.5	-6.2%	16.2	10.1	60.6%	61.6	61.3	0.4%
Gross profit	0.4	-1.5	-128.5%	12.2	15.6	-22.0%	8.1	4.3	87.3%	20.9	18.5	12.8%
Gross margin	7.2%	-22.1%	29.3 pp	29.2%	35.1%	-5.9 pp	50.2%	43.0%	7.2 pp	34.0%	30.2%	3.8 pp
EBITDA (adjusted) [1]	0.6	0.5	33.2%	5.3	8.3	-36.7%	6.3	2.8	127.6%	2.4	3.2	-23.6%
EBITDA margin (adjusted) [1]	10.7%	7.0%	3.7 pp	12.6%	18.7%	-6.1 pp	38.9%	27.5%	11.4 pp	4.0%	5.2%	-1.2 pp
EBIT (adjusted) [1]	-0.3	-3.1	-91.9%	3.7	6.7	-44.7%	5.2	1.1	376.6%	-1.5	-4.1	-62.3%
EBIT margin (adjusted) [1]	-4.2%	-45.5%	41.3 pp	8.9%	15.0%	-6.1 pp	32.0%	10.8%	21.2 pp	-2.5%	-6.6%	4.1 pp

1 Bereinigt um einmalige und/oder nicht-operative Posten.

of business with Amazon. Further expansion of the business in the fast-growing US market is planned. Despite difficult market conditions, the Gaming Devices business achieved revenue growth of EUR 954k (+6.9%) compared to the first half of 2023, mainly driven by increased revenue in China and the USA.

The segment generated adjusted EBITDA of EUR 5.3 million (H1/2023: EUR 8.3 million), which corresponds to an adjusted EBITDA margin of 12.6% (H1/2023: 18.7%). Adjusted EBIT totaled EUR 3.7 million (H1/2023: EUR 6.7 million). The figure corresponds to an adjusted EBIT margin of 8.9% (H1/2023: 15.0%).

Total revenue in the DIGITAL HEALTH & SOLUTIONS segment rose by 60.6% year on year to EUR 16.2 million (H1/2023: EUR 10.1 million). The segment did not generate any inter-segment revenue within the Group.

The higher revenue for this segment is due in particular to the continuously high demand for Cherry's e-health terminals (ST-1506) following the introduction of the e-prescription in Germany. Business with safe, hygienic input devices for the healthcare sector also grew substantially during the first six months of 2024, as hygiene requirements in the medical sector and in public spaces remain high, even after the end of the pandemic.

The segment generated adjusted EBITDA of EUR 6.3 million (H1/2023: EUR 2.8 million), which corresponds to an adjusted EBITDA margin of 38.9% (H1/2023: 27.5%). Adjusted EBIT totaled EUR 5.2 million (H1/2023: EUR 1.1 million). The figure corresponds to an adjusted EBIT margin of 32.0% (H1/2023: 10.8%).

2. NET ASSETS POSITION, FINANCIAL POSITION AND RESULTS OF OPERATIONS

EXPLANATORY NOTES TO THE INCOME STATEMENT

Group revenue in the first half of the fiscal year amounted to EUR 61.6 million and was therefore 0.4% above the previous year's level (H1/2023: EUR 61.3 million). The higher revenue was due in particular to the encouraging performance in the DIGITAL HEALTH & SOLUTIONS segment, where segment revenue for the current year was up by 60.6% year on year to EUR 16.2 million.

The gross profit of EUR 20.9 million generated in H1/2024 was EUR 2.4 million up on the previous year (H1/2023: EUR 18.5 million). The gross profit margin rose to 34.0% (H1/2023: 30.2%). The increase was driven primarily by higher revenue in the current fiscal year, the absence of the losses in the COMPONENTS segment compared to the previous year and the positive impact of cost-cutting measures.

Research and development expenses totaling EUR 3.7 million were slightly up on one year earlier (H1/2023: EUR 3.1 million). Cherry concentrates rigorously on continuously developing new products designed for further digitalization in order to meet changing market requirements.

Marketing and selling expenses amounted to EUR 12.4 million and were therefore 5.2% higher than one year earlier (H1/2023: EUR 11.8 million). The increase was due in particular to the relaunch of the Cherry brand and consulting costs for optimizing the sales strategy.

Administrative expenses amounted to EUR 8.7 million and were EUR 1.1 million lower than in the previous year (H1/2023: EUR 9.8 million). This development was mainly due to the newly implemented cost management measures and the positive impact of the restructuring program initiated in autumn 2023, which is scheduled for completion by August 31, 2024.

Other operating result amounted to EUR 0.5 million, slightly up on one year earlier (H1/2023: EUR 0.4 million), the main reasons being positive realized and unrealized exchange rate and hedging gains (EUR 0.4 million) arising on USD transactions.

EBITDA came in at EUR 0.6 million (H1/2023: EUR 1.5 million). Adjusted EBITDA totaled EUR 2.4 million (H1/2023: EUR 3.2 million). EBIT amounted to a negative EUR -3.3 million (H1/2023: negative EUR -5.7 million). Adjusted EBIT totaled a negative EUR -1.5 million (H1/2023: EUR -4.1 million).

Both EBITDA and EBIT are presented with and without adjustments. The adjustments eliminate exceptional and one-time effects that have no impact on the Group's operating earnings performance. This is intended to show the undiluted margin generated by operations.

The financial result was a net negative amount of EUR -1.3 million (H1/2023: EUR -1.0 million). The decrease was mainly due to higher refinancing costs for the loan from UniCredit Bank GmbH, which has a variable interest rate.

The net loss for the six-month period ended June 30, 2024 amounted to EUR -6.6 million (June 30, 2023: EUR -5.0 million).

RECONCILIATION TO ALTERNATIVE PERFORMANCE MEASURES (ESMA)*

The following table shows the reconciliation of EBIT, EBITDA, adjusted EBIT, and adjusted EBITDA to Cherry SE's Group net loss for the first six months of 2024:

in T€	Jan. 1 to June 30, 2024	Jan. 1 to June 30, 2023
Group net loss	**-6,600**	**-5,034**
+ Income taxes	1,999	-1,710
+ Financial result	1,283	1,040
EBIT	**-3,318**	**-5,704**
+/- Personnel expenses (including share-based personnel expenses) / (income)	92	1,322
+/- Impairment losses on inventories	545	-
+ Expenses related to M&A transactions	-	178
+/- Other non-recurring expenses	1,152	146
Adjusted EBIT [1]	**-1,529**	**-4,058**
+ Depreciation, amortization and impairment losses2	3,966	7,250
Adjusted EBITDA [1]	**2,437**	**3,192**
EBIT	**-3,318**	**-5,704**
+ Depreciation, amortization and impairment losses [2]	3,966	7,250
EBITDA	**648**	**1,546**

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

2 incl. write-ups on current assets amounting to kEUR 101

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

As of June 30, 2024 the Cherry Group's total assets amounted to EUR 206.0 million and therefore decreased by EUR 32.5 million during the first half of 2024 compared with December 31, 2023 (EUR 238.6 million).

Current assets amounted to EUR 108.3 million and were therefore EUR 32.6 million below the figure recorded as of December 31, 2023 (EUR 140.9 million). The primary reason for this was a EUR 30.5 million reduction in cash and cash equivalents to EUR 15.6 million, mainly due to the loan repayment made to UniCredit Bank GmbH during the current fiscal year.

As of December 31, 2023, Cherry had a long-term loan amounting to EUR 45.0 million, which was drawn down in full as of December 31, 2023. Due to a breach of the contractually agreed financial covenants for the third quarter 2023, an application for a waiver was submitted by Cherry and granted by the bank in December 2023. Under its terms, however, an agreement was reached with UniCredit Bank GmbH that an amount of EUR 10.0 million of the drawn-down long-term credit amount would be repaid prematurely at the end of January 2024.

As the covenants were again not complied with in the fourth quarter 2023, the bank had the option to call in the outstanding amount prematurely as of December 31, 2023. On May 3, 2024, a new supplementary agreement was signed with UniCredit Bank GmbH to ensure Cherry's continued financing. Under the terms of the agreement, the credit line for the long-term loan was reduced to EUR 25.0 million, resulting in a further EUR 10 million repayment of the loan in May 2024. Repayments totaling EUR 20 million were therefore made on the loan during the first half of 2024, resulting in a significant decrease in cash and cash equivalents. For further information on the financing provided by UniCredit Bank GmbH, please refer to the disclosures in note 2 "Significant transactions" in the notes to the consolidated financial statements.

Moreover, a large part of the liabilities of EUR 5.8 million existing as of December 31, 2023 as part of the restructuring program were also paid out during the first half of 2024 and the result for the six-month period of EUR -6.6 million also had a negative impact on cash flow from operating activities and therefore on cash and cash equivalents.

Conversely, non-current assets amounting to EUR 97.7 million were identical to the figure recorded as of December 31, 2023 (EUR 97.7 million). Items reducing the carrying value of non-current assets, such as the straight-line depreciation of fixed assets, were largely offset by new investments and an increase in deferred tax assets (EUR 0.4 million).

Total current and non-current liabilities decreased by EUR 26.6 million to EUR 89.9 million. The main reasons were the above-mentioned repayments of the loan totaling EUR 20.0 million to UniCredit Bank GmbH during the first half of 2024. In addition, other current non-financial liabilities went down by EUR 3.8 million, mainly due to payments of EUR 5.8 million for a large part of the restructuring-related liabilities reported as of December 31, 2023. Trade payables also went down by EUR 1.0 million compared to December 31, 2023.

Equity decreased compared to December 31, 2023, mainly due to the net loss for the period amounting to EUR -6.6 million. The effect from share-based payment (EUR 0.4 million) and the differences from the translation of the financial statements of foreign subsidiaries into the Group's reporting currency (euro) (EUR 0.2 million) had a slightly offsetting effect. Overall, equity decreased by EUR 6.0 million to EUR 116.2 million

EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash outflow from operating activities amounted to EUR -5.3 million in H1/2024, an improvement of EUR 21.2 million compared to H1/2023 (EUR -26.6 million). The negative cash flow in the current fiscal year was primarily attributable to the cash-effective components of the loss recorded for the six-month period. Decreases in trade payables and other non-financial liabilities amounting to EUR 1.0 million and EUR 3.8 million respectively also had a negative impact on cash flow. By contrast, the EUR 3.7 million reduction in inventories had a positive effect. The main reasons for the improvement in cash flow during the first six months of 2024 compared to one year earlier were the EUR 3.7 million reduction in inventories, compared to an increase of EUR 15.3 million in the previous year, and the much smaller increase (EUR +0.6 million) recorded for trade receivables compared to the previous year (H1/2023: EUR +8.6 million).

The net cash outflow for investing activities was EUR -2.7 million in H1/2024, down by EUR 5.6 million compared to H1/2023 (EUR -8.3 million).

In the first quarter of the previous fiscal year, the purchase price component for the acquisition of Xtrfy, which was due in cash on the closing date, was paid to the previous owners (EUR 3.9 million). Net of cash acquired totaling EUR 0.4 million, an amount of EUR 3.5 million was paid. No comparable transactions took place in the first half of 2024.

In addition, investments in intangible assets amounting to EUR 1.8 million (H1/2023: EUR 2.7 million) and investments in property, plant and equipment totaling EUR 0.9 million (H1/2023: EUR 2.1 million) were in both cases below the previous year's level.

The negative cash outflow for financing activities amounted to EUR -22.5 million in H1/2024 and was therefore EUR 17.1 million higher than in H1/2023 (EUR -5.4 million). The main reason was the above-mentioned loan repayments to UniCredit Bank GmbH during the first half of the year totaling EUR 20.0 million.

The credit line of EUR 25.0 million granted to Cherry by Unicredit Bank GmbH was drawn down in full as of June 30, 2024. In addition, Cherry has a guarantee line totaling EUR 0.5 million, which was drawn down in full as of June 30, 2024.

Cash at bank as of June 30, 2024 totaled EUR 15.6 million, 66.2% less than that reported as of December 31, 2023 (EUR 46.1 million).

Group equity decreased by EUR 6.0 million to EUR 116.2 million in the first half of 2024 (H1/2023: EUR 122.1 million), primarily due to the loss recorded for the first half of 2024 amounting to EUR -6.6 million.

The equity ratio as of June 30, 2024 was 56.4%, an improvement of 5.2 percentage points compared to December 31, 2023 (51.2%).

3. REPORT ON OPPORTUNITIES AND RISKS

Cherry most recently published its complete report on opportunities and risks in the Annual Report 2023, which is available for download on the Cherry website at https://ir.cherry.de/home/publications/#annual-reports. The report, which is part of the Combined Management Report for the Cherry Group and Cherry SE, provides a comprehensive overview of the opportunities and risks identified for the entire Cherry Group.

In this interim report on the first six months of 2024, we provide an update relating to new opportunities and risks included in the report and on the assessment of the potential impact of the identified risks and their estimated probability of occurrence, if there have been any changes compared with the status at the end of 2023.

OPPORTUNITIES

The opportunities described in the 2023 Annual Report remain unchanged.

RISKS

No further risks were identified compared to those listed in the 2023 Annual Report.

Overall assessment of the risk situation

The Cherry Management Board considers the identified risks to be both limited and manageable. No risks have been identified which, either individually or taken as a whole, could jeopardize the going-concern status of the company.

4. OUTLOOK REPORT

In the Combined Management Report 2023, the Management Board provided a detailed explanation of the assumptions and longer-term trends underlying its forecast for the 2024 fiscal year.

For the third quarter 2024, the Management Board predicts Group revenue of around EUR 35 million (Q3/2023: EUR 27.3 million) and an adjusted EBITDA margin in the range of 5 to 6% (Q3/2023: -4.6%).

The Management Board still expects to generate Group revenue in the region of EUR 140 to 150 million and an adjusted EBITDA margin within the range of 7.0 to 8.0% for the 2024 fiscal year.

The Cherry Group as a whole aims to return to an adjusted EBITDA margin of over 20% in the medium term.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2024 IN ACCORDANCE WITH IFRS (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousand	Note	April 1 – June 30, 2024	April 1 – June 30, 2023	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Revenue	5.1	31,270	32,609	61,560	61,310
Cost of sales		-21,053	-20,664	-40,641	-42,764
Gross profit		10,217	11,945	20,919	18,546
Marketing and selling expenses		-5,477	-6,231	-12,385	-11,774
Research and development expenses		-1,606	-1,186	-3,665	-3,136
Administrative expenses		-4,466	-3,799	-8,650	-9,772
Other operating income		465	262	656	666
Other operating expenses		-339	-138	-193	-234
Operating result before interest and taxes (EBIT)		-1,206	853	-3,318	-5,704
Financial result	5.2	-563	-434	-1,283	-1,040
Earnings before taxes (EBT)		-1,769	419	-4,601	-6,744
Income taxes		-1,513	-131	-1,999	1,710
Group net loss/profit		**-3,282**	**288**	**-6,600**	**-5,034**
Undiluted (basic) earnings per share (in EUR)	5.3	-0.14	0.01	-0.28	-0.22
Diluted earnings per share (in EUR)	5.3	-0.14	0.01	-0.28	-0.22

Income and expenses not recognized through profit or loss € thousand	April 1 – June 30, 2024	April 1 – June 30, 2023	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Other comprehensive income that will be reclassified subsequently to profit or loss	**247**	**-2,356**	**243**	**-3,381**
Foreign currency translation of financial statements of foreign entities	247	-2,356	243	-3,381
Other comprehensive income that will not be reclassified subsequently to profit or loss	**-**	**-**	**-**	**-**
Actuarial gains and losses	-	-	-	-
Other changes	-	-	-	-
Income and expenses not recognized through profit or loss	**247**	**-2,356**	**243**	**-3,381**
Total comprehensive income for the period	**-3,035**	**-2,068**	**-6,357**	**-8,415**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2024 (IFRS/UNAUDITED)

ASSETS

€ thousand	Note	June 30, 2024	Dec. 31, 2023
NON-CURRENT ASSETS			
Intangible assets	3.2	79,312	79,685
Property, plant and equipment	3.1	7,268	7,347
Right-of-use assets	3.3	7,335	7,262
Financial assets		88	90
Other non-financial assets		14	10
Deferred tax assets		3,694	3,283
		97,711	**97,677**
CURRENT ASSETS			
Inventories		58,723	62,446
Trade receivables		31,254	30,611
Current income tax receivables		995	668
Other financial assets		253	-
Other non-financial assets		1,533	1,069
Cash and cash equivalents		15,567	46,083
		108,325	**140,877**
Total assets		**206,036**	**238,554**

EQUITY AND LIABILITIES

€ thousand	Note	June 30, 2024	Dec. 31, 2023
EQUITY	4.1		
Subscribed capital		23,190	23,190
Capital reserves		257,728	257,324
Accumulated deficit		-167,493	-160,894
Accumulated other comprehensive income		2,731	2,489
		116,156	**122,109**
NON-CURRENT LIABILITIES			
Pension provisions		178	178
Other provisions		840	767
Financial debt	4.2	24,998	226
Lease liabilities		13,713	15,457
Other non-financial liabilities		90	95
Deferred tax assets		12,230	10,746
		52,049	**27,469**
CURRENT LIABILITIES			
Other provisions		568	588
Financial debt	4.2	137	45,071
Lease liabilities		5,271	5,008
Trade payables		16,788	17,808
Current income tax liabilities		1,258	1,199
Other financial liabilities		7,418	9,085
Other non-financial liabilities		6,391	10,217
		37,831	**88,976**
Total equity and liabilities		**206,036**	**238,554**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD JANUARY 1 TO JUNE 30, 2024 (IFRS/UNAUDITED)

€ thousand	Note	April 1 – June 30, 2024	April 1 – June 30, 2023	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Net loss/profit for the period		-3,282	288	-6,600	-5,034
Depreciation, amortization and write-downs (+) / reversals thereof (-) on fixed assets		2,113	3,587	4,067	7,277
Increase (+) / decrease (-) in provisions		25	-238	117	35
Other non-cash expenses (+) / income (-)		521	-188	589	-146
Gains (-) / losses (+) on disposal of fixed assets		1	-	-2	16
Increase (-) / decrease (+) in inventories, trade receivables and other assets		-12,123	-14,010	-372	-19,577
Increase (+) / decrease (-) in trade payables and other liabilities		8,205	2,272	-5,518	-6,059
Interest expenses (+) / interest income (-)	5.2	562	425	1,283	1,031
Interest paid (-)		-179	-547	-622	-1,308
Interest received (+)		280	287	384	319
Tax expense (+) / tax income (-)		1,513	132	1,999	-1,710
Income tax paid (+/-)		-483	-747	-671	-1,404
Cash flows from operating activities		**-2,847**	**-8,739**	**-5,346**	**-26,560**
Cash received (+) from disposals of property, plant and equipment		-	-	3	-
Cash paid (-) for investments in property, plant and equipment		-443	-541	-917	-2,055
Cash paid (-) for investments in intangible assets		-1,176	-1,725	-1,811	-2,713
Cash paid (-) for the purchase of consolidated companies	7.	-	-	-	-3,547
Cash flows from investing activities		**-1,619**	**-2,266**	**-2,725**	**-8,315**
Cash paid (-) in connection with Share Buyback Program	4.1	-	-1,242	-	-2,463
Cash paid (-) for other non-current financial debt		-1,112	-946	-2,371	-1,950
Cash paid (-) for repayment of (financial) debt		-10,097	-216	-20,123	-970
Cash flows from financing activities		**-11,209**	**-2,404**	**-22,494**	**-5,383**
Cash-relevant change in cash funds		-15,675	-13,409	-30,565	-40,258
Changes in cash and cash equivalents due to changes in exchange rates, scope of consolidation, and valuation		38	-136	49	-219
Cash funds at beginning of period		**31,204**	**65,916**	**46,083**	**92,848**
Cash funds at end of period		**15,567**	**52,371**	**15,567**	**52,371**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD JANUARY 1 TO JUNE 30, 2024 (IFRS/UNAUDITED)

€ 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	257,585	-34,012	4,777	83	251,826
Share buybacks	-437	-2,026	-	-	-	-2,463
Treasury shares transferred in conjunction with business acquisitions	234	1,552	-	-	-	1,786
Group net loss	-	-	-5,034	-	-	-5,034
Foreign currency translation of financial statements of foreign entities	-	-	-	-3,381	-	-3,381
Actuarial gains and losses	-	-	-	-	-	-
Income taxes on other comprehensive income	-	-	-	-	-	-
Other comprehensive income	-	-	-	-3,381	-	-3,381
Total comprehensive income	-	-	-5,034	-3,381	-	-8,415
Impact of share-based payments	-	438	-	-	-	438
June 30, 2023	23,190	257,549	-39,046	1,396	83	243,172
January 1, 2024	23,190	257,324	-160,894	2,391	98	122,109
Group net loss	-	-	-6,600	-	-	-6,600
Foreign currency translation of financial statements of foreign entities	-	-	-	243	-	243
Actuarial gains and losses	-	-	-	-	-	-
Income taxes on other comprehensive income	-	-	-	-	-	-
Other comprehensive income	-	-	-	243	-	243
Total comprehensive income	-	-	-6,600	243	-	-6,357
Impact of share-based payments	-	404	-	-	-	404
June 30, 2024	23,190	257,728	-167,493	2,634	98	116,156

NOTES

TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2024 IN ACCORDANCE WITH IFRS (UNAUDITED)

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 Condensed Interim Consolidated Financial Statements of Cherry SE and its subsidiaries cover the period from January 1 to June 30, 2024. These statements have neither been audited nor reviewed by the group auditor.

1.2. Basis of preparation of the Consolidated Financial Statements

Cherry SE has prepared the Condensed Interim Consolidated Financial Statements as of June 30, 2024 in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and their respective interpretations (IFRIC/SIC) with respect to interim financial reporting (IAS 34), as endorsed by the European Union. Accordingly, the financial statements included in the interim report contain all the information and notes disclosures required by IFRS for condensed interim financial statements.

The interim report does not include all the disclosures normally included in financial statements for a full fiscal year. Accordingly, this interim report should be read in conjunction with Cherry SE's Consolidated Financial Statements for the fiscal year ended December 31, 2023.

The accounting policies applied are consistent with those applied in the previous fiscal year. In the current reporting period, amendments to IAS 1 "Classification of Liabilities as Current or Non-current", amendments to IAS 1 "Non-current Liabilities with Covenants", amendments to IAS 7/IFRS 7 "Supplier Financing Arrangements" and amendments to IFRS 16 "Lease Liabilities arising from a Sale and Leaseback Transaction" came into force, but did not give rise to any impact on the Group's accounting policies or the need for retrospective adjustments.

The preparation of the Condensed Interim Consolidated Financial Statements in accordance with IAS 34 requires the Management Board to make judgments, estimates, and assumptions that affect the application of accounting policies in the Group and the reported amounts of assets and liabilities, income and expenses. Actual amounts could differ from those estimates. The results achieved so far in the fiscal year 2024 are not necessarily indicative of future business performance.

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.).

1.3. Group reporting entity

As of June 30, 2024, the Consolidated Financial Statements of Cherry SE included the parent company, Cherry SE, and the following Group entities:

List of investments

		Shareholding	
Fully consolidated entities:	Principal activity	June 30, 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%	100%
Cherry Embedded Solutions GmbH, Vienna (Austria) (formerly: Theobroma Systems Design und Consulting GmbH)	Production, sales and marketing	100%	100%
Cherry Xtrfy AB, Landskrona (Sweden)	Sales and marketing	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%

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 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.

On March 22, 2024, Theobroma Systems Design und Consulting GmbH was renamed Cherry Embedded Solutions GmbH.

2. SIGNIFICANT EVENTS AND TRANSACTIONS

Financing by UniCredit Bank GmbH

As of December 31, 2023, Cherry's total credit line with UniCredit Bank GmbH amounted to EUR 55,000k, comprising a long-term loan of EUR 45,000k that was being fully utilized as of December 31, 2023, and an overdraft facility of EUR 10,000k that was available to cover short-term liquidity requirements. The overdraft facility was not being utilized as of December 31, 2023. However, guarantees provided by the bank as of that date amounting to EUR 305k (of which: a rental guarantee for EUR 300k and customs guarantees for EUR 5k) reduced the available overdraft facility accordingly.

On November 15, 2023, UniCredit Bank GmbH was notified of the breach of contractually agreed financial covenants as of the end of the third quarter 2023 in the form of a certificate of compliance and an application for a waiver was submitted at the same time. The waiver was granted by the bank on December 21, 2023. In parallel, it was agreed with UniCredit Bank GmbH that EUR 10,000k of the drawn down long-term credit would be repaid early at the end of January 2024 and that the current account overdraft facility would be reduced by EUR 5,000k. In this context, a processing fee amounting to EUR 200k was paid at the end of January 2024 in addition to the repayment of EUR 10,000k. In addition, the margin on the remaining credit amount was increased by 1.0 percentage points. The agreed total credit line therefore stood at EUR 40,000k, of which EUR 5,000k was designated as a current account overdraft facility. The guarantees existing as of December 31, 2023 also remained in place and reduced the available overdraft facility accordingly. Following the early partial repayment in January 2024, an amount of EUR 35,000k out of the total long-term credit line was being utilized.

In view of the fact that the covenants were similarly not complied with in the fourth quarter 2023, the bank had the option of calling in the outstanding credit amount ahead of schedule as of December 31, 2023. On May 3, 2024, a new supplementary agreement was signed with UniCredit Bank GmbH that ensures the company's continued financing.

This takes into account a further repayment of EUR 10,000k in May 2024 and the reversal of the remaining overdraft facility. The existing guarantees of EUR 305k remain in place. A further processing fee of EUR 200k, spread over several installments, is due by June 2025. The margin on the remaining long-term credit line was increased by 0.5 percentage points. Cherry SE provided UniCredit Bank GmbH with collateral in the form of trade receivables and inventories 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"). During this period, the bank waives its right to call the outstanding credit amount prematurely due to a breach of the covenants. The contractually defined key performance figures will be adapted to the Cherry Group's situation and will primarily focus on a minimum level of liquidity in future. In accordance with the supplementary agreement, Cherry SE has 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 line already being utilized.

In the first half of 2024, loan repayments totaling EUR 20,000k were made and processing fees totaling EUR 280k paid.

Restructuring measures

The restructuring measures resolved at the beginning of November 2023 were implemented as planned and are expected to be completed by August 31, 2024. In the first half of 2024, no significant additional expenses arose compared to the expenses already recognized in profit or loss in the 2023 fiscal year.

Hedging USD transactions

Cherry purchases a large portion of goods for resale, raw materials and services in US dollars. The exchange rate of the Group's reporting currency, the euro, has been subject to a high degree of fluctuation against the US dollar in the recent past. These fluctuations have a direct impact on the Group's earnings.

Due to the strong appreciation of the EUR against the USD in recent months, Cherry was able to benefit from falling costs. In order to be able to benefit from this effect for a longer period of time as well as to increase planning security, in the first half of 2023 Cherry began to hedge USD-denominated transactions, applying pre-determined quotas, by means of FX swaps. Currently, all hedges relate to specified USD liabilities that have been transacted on a 1:1 basis.

The resulting derivatives are accounted for on a stand-alone basis. Realized and unrealized hedging effects are reported in the line items "Other operating income" and "Other operating expenses". In the first 6 months of the current fiscal year, net realized and unrealized gains arising on USD hedging transactions amounted to EUR 396k and have been recognized in profit or loss.

3. EXPLANATORY NOTES TO GROUP ASSETS

3.1. Property, plant and equipment

Investments in property, plant and equipment in the first half of 2024 amounted to EUR 917k (H1/2023: EUR 2,055k).

Investments € 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
Jan. 1 - June 30, 2024	**76**	**373**	**271**	**197**	**917**
Jan. 1 - June 30, 2023	-	1,589	233	233	2,055

Depreciation on property, plant and equipment totaled EUR 1,001k (H1/2023: EUR 2,772k). No impairment losses were recognized on property, plant and equipment in the first half of 2024 or the first half of 2023.

3.2. Intangible assets

Investments in Intangible assets, plant and equipment in the first half of 2024 amounted to EUR 1,811k (H1/2023: EUR 2,714k).

Investments € 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
Jan. 1 - June 30, 2024	**-**	**1,793**	**18**	**-**	**-**	**-**	**-**	**1,811**
Jan. 1 - June 30, 2023	-	2,464	8	-	-	-	242	2,714

Amortization on intangible assets totaled EUR 2,160k (H1/2023: EUR 2,671k). As in the previous year, no impairment losses were recognized.

3.3. Right-of-use assets

Investments in right-of-use assets in the first half of 2024 amounted to EUR 988k (H1/2023: EUR 102k).

Investments € 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
Jan. 1 - June 30, 2024	664	219	-	105	-	988
Jan. 1 - June 30, 2023	11	-	-	-	91	102

Depreciation on right-of-use assets totaled EUR 906k (H1/2023: EUR 1,835k). As in the previous year, no impairment losses were recognized.

4. EXPLANATORY NOTES TO GROUP EQUITY AND LIABILITIES

4.1. 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.

On June 9, 2022, the Management Board resolved a share buyback program which provided for the repurchase of up to 2,000,000 treasury shares through June 30, 2023. As of June 30, 2024, 1,344,422 (December 31,2023: 1,344,422) treasury shares had been repurchased at a total value of EUR 9,281k (December 31,2023: EUR 9,281k). Of these, a total of 234,138 treasury shares were transferred in the first quarter 2023 in conjunction with the acquisition of the Swedish e-sports specialist Xtrfy.

As of June 30, 2024, the subscribed capital comprised 24,300,000 (December 31,2023: 24,300,000) ordinary bearer shares with no par value, of which 1,110,284 (December 31,2023: 1,110,284) are held by Cherry SE.

The number of shares developed as follows:

Number of shares	2024	2023
As of January 1	23,189,716	23,392,883
Treasury shares transferred in conjunction with business acquisitions	-	234,138
Share buybacks	-	-437,305
As of June 30	23,189,716	23,189,716

Capital reserves

Capital reserves stood at EUR 257,728k at the end of the reporting period (December 31, 2023: EUR 257,324k).

Capital reserves remained virtually unchanged. The share-based remuneration program of the Management Board and extended management (LTI = Long Term Incentive Program) resulted in expenses in the first half of 2024 amounting to EUR 404k

(H1/2023: EUR 438k), which, in accordance with IFRS 2, were recognized directly as an increase in capital reserves. The remuneration entitlements of the Management Board and other members of management are taken into account in the measurement of liabilities.

Accumulated other comprehensive income

The change on accumulated other comprehensive income relating to foreign currency gains and losses amounting to EUR 243k (H1/2023: EUR -3,381k) related to differences arising on the translation of the financial statements of the foreign subsidiaries into the Group's reporting currency (euro).

Changes in equity during the period under report are shown in the consolidated statement of changes in equity.

4.2. Financial debt

The Cherry Group's current and non-current financial debt mainly relates to liabilities to banks.

With regard to the credit line with UniCredit Bank GmbH, we refer to the comments provided in note 2. "Significant transactions".

€ thousand	June 30, 2024	Dec. 31, 2023
Current	137	45,071
Non-current	24,998	226
Total	**25,135**	**45,297**

Current financial debt as of June 30, 2024 includes short-term bank loans amounting to EUR 137k (December 31, 2023: EUR 209k) accounted for at the level of foreign subsidiaries. In addition, in view of the covenant breach, it was necessary to report the loan provided by UniCredit Bank GmbH as current as of December 31, 2023.

As of June 30, 2024, non-current financial debt related primarily to the loan provided by UniCredit Bank GmbH amounting to EUR 25,000k as well as a financing loan at the level of a German subsidiary and non-current bank loans at the level of foreign subsidiaries amounting to EUR 175k (December 31, 2023: EUR 226k).

5. EXPLANATORY NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.1. 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	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Keyboard Switches	3,604	6,704
Gaming Devices	14,711	13,757
Office	22,332	25,772
Industry	3,528	3,424
Point of Sales Products	1,151	1,549
Security	2,837	3,662
eHealth	13,397	6,442
Total revenue by product type	**61,560**	**61,310**

Revenue by region 2024

€ thousand	Germany	USA	China	Hong Kong	Other	Total
Components	417	608	780	1,192	607	3,604
Gaming Devices	362	878	10,949	11	2,511	14,711
Office Devices	11,946	4,321	1,161	9	9,574	27,011
Digital Health & Solutions	12,336	846	-	15	3,037	16,234
Total revenue by region	**25,061**	**6,653**	**12,890**	**1,227**	**15,729**	**61,560**

Revenue by region 2023

€ thousand	Germany	USA	China	Hong Kong	Other	Total
Components	376	920	1,629	2,614	1,165	6,704
Gaming Devices	343	534	8,987	-21	3,914	13,757
Office Devices	12,279	3,921	1,759	18	12,768	30,745
Digital Health & Solutions	6,644	369	101	-	2,990	10,104
Total revenue by region	**19,642**	**5,744**	**12,476**	**2,611**	**20,837**	**61,310**

Revenue generated in the first half of the year totaled EUR 61,560k and was therefore EUR 250k up on the corresponding period of the previous year (2023: EUR 61,310k).

The increase was mainly attributable to the Digital Health & Solutions segment, which recorded a EUR 6,130k jump in revenue to EUR 16,234k for the six-month period. This, in turn, was primarily due to the higher volume of e-health products sold, as a result of which revenue more than doubled compared to the first half of the previous year. Growth in the Digital Health & Solutions segment therefore almost exceeded the drop in revenue recorded by the Components and Office Devices segments in the first half of 2024.

5.2. Financial result

The financial result comprised the following:

€ thousand	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Interest and similar income	385	322
Total interest income	385	322
Interest and similar expenses	-1,664	-1,349
Expenses from discounting and the unwinding of discounts	-4	-13
Total finance expense	-1,668	-1,362
Total	**-1,283**	**-1,040**

Interest income earned in the first six months of both 2024 and 2023 relates primarily to positive bank balances and reflects the generally higher level of interest rates, in particular for amounts held as term deposits.

Interest and similar expenses mainly comprise interest for the loan provided by UniCredit Bank GmbH and interest expenses in connection with lease liabilities amounting to EUR 307k (H1 2023: EUR 155k).

5.3. Earnings per share

Group net loss in € thousand, number of shares in thousand, earnings per share in EUR	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Group net loss attributable to shareholders of Cherry SE	-6,600	-5,034
Less dilutive effect of share-based remuneration	-	-
Group net loss attributable to shareholders of Cherry SE (for the purpose of calculating diluted earnings per share)	-6,600	-5,034
Weighted average number of shares in circulation	23,190	23,398
Dilutive effect of share-based remuneration	-	81
Weighted average number of shares in circulation (diluted)	23,190	23,479
Undiluted earnings per share	-0.28	-0.22
Diluted earnings per share	-0.28	-0,22

6. SEGMENT INFORMATION

Information about the operating segments is provided on a basis consistent with the system of internal reporting to the so-called "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 operating segment – the Gaming & Office Peripherals segment – for external reporting purposes in accordance with the requirements of IFRS 8.

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 first half of the 2024 fiscal year, as communicated to the Management Board.

€ thousand	COMPONENTS	GAMING & OFFICE PERIPHERALS	DIGITAL HEALTH & SOLUTIONS	CORPORATE & CONSOLIDATIONS	Group
Revenue (segment revenue)	**6,035**	**41,722**	**16,234**	**-2,431**	**61,560**
- external revenue	3,604	41,722	16,234	-	61,560
- intragroup revenue	2,431	-	-	-2,431	-
Cost of sales	-5,601	-29,545	-8,089	2,594	-40,641
Gross profit	**434**	**12,177**	**8,145**	**163**	**20,919**
Marketing and selling expenses	-349	-7,423	-1,721	-2,892	-12,385
Research and development expenses	-881	-1,012	-1,222	-550	-3,665
Administrative expenses	-3	-45	-4	-8,598	-8,650
Other operating income/ expenses, net	-	-	-	463	463
EBIT	**-799**	**3,697**	**5,198**	**-11,414**	**-3,318**
EBIT (adjusted) [1]	**-254**	**3,697**	**5,198**	**-10,170**	**-1,529**
EBIT margin (adjusted) [1]	**-4.2%**	**8.9%**	**32.0%**	**418.3%**	**-2.5%**
Depreciation, amortization and impairment losses	-900	-1,561	-1,119	-386	-3,966
EBITDA	**101**	**5,258**	**6,317**	**-11,028**	**648**
EBITDA (adjusted) [1]	**646**	**5,258**	**6,317**	**-9,784**	**2,437**
EBITDA margin (adjusted) [1]	**10.7%**	**12.6%**	**38.9%**	**402.5%**	**4.0%**

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

The following table shows segment information for the comparative prior-year period from January 1 to June 30, 2023:

€ thousand	COMPONENTS	GAMING & OFFICE PERIPHERALS	DIGITAL HEALTH & SOLUTIONS	CORPORATE & CONSOLIDATIONS	Group
Revenue (segment revenue)	**6,896**	**44,501**	**10,106**	**-193**	**61,310**
- external revenue	6,703	44,501	10,106	-	61,310
- intragroup revenue	193	-	-	-193	-
Cost of sales	-8,418	-28,892	-5,757	303	-42,764
Gross profit	**-1,522**	**15,609**	**4,349**	**110**	**18,546**
Marketing and selling expenses	-902	-8,108	-1,655	-1,109	-11,774
Research and development expenses	-709	-808	-1,477	-142	-3,136
Administrative expenses	-4	-40	-126	-9,602	-9,772
Other operating income/expenses, net	-	-	-	432	432
EBIT	**-3,137**	**6,653**	**1,091**	**-10,311**	**-5,704**
EBIT (adjusted) [1]	**-3,137**	**6,686**	**1,091**	**-8,698**	**-4,058**
EBIT margin (adjusted) [1]	**-45.5%**	**15.0%**	**10.8%**	**4506.7%**	**-6.6%**
Depreciation, amortization and impairment losses	-3,622	-1,620	-1,685	-323	-7,250
EBITDA	**485**	**8,273**	**2,776**	**-9,988**	**1,546**
EBITDA (adjusted) [1]	**485**	**8,306**	**2,776**	**-8,375**	**3,192**
EBITDA margin (adjusted) [1]	**7.0%**	**18.7%**	**27.5%**	**4339.4%**	**5.2%**

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

Reconciliation of EBIT to operating loss before tax:

€ thousand	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Total adjusted EBIT of reportable segments	8,641	4,641
Other & Eliminations	-10,170	-8,698
Adjustments	-1,789	-1,647
EBIT	-3,318	-5,704
Financial result	-1,283	-1,040
Profit before tax	**-4,601**	**-6,744**

Adjustments include non-recurring/extraordinary personnel expenses, write-downs on inventories, expenses in connection with M&A transactions as well as other non-recurring exceptional expenses and impairment losses.

The following adjustments to EBIT/EBITDA were made in the respective reporting periods:

€ thousand	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Extraordinary personnel expenses	92	1,322
Write-downs on inventories	545	-
Expenses in connection with M&A transactions	-	178
Other non-recurring exceptional expenses	1,152	147
Total EBITDA adjustments	**1,789**	**1,647**

The adjustments for non-recurring exceptional expenses in the first half of 2024 included mainly external consulting services in connection with the strategic realignment of the Cherry Group.

Adjustments for other non-recurring exceptional expenses in the first half of 2023 related mainly to personnel recruitment.

7. EXPLANATORY NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Total cash flow in the first half of 2024 was a net negative amount of EUR -30,565k (H1/2023: EUR -40,258k), of which EUR -15,675k arose in the second quarter (2023: EUR -13,409k).

The net cash flow from operating activities in the first half of 2024 was a negative amount of EUR -5,346k (H1/2023: EUR -26,560k). The change was mainly driven by a EUR 1,020k reduction in current trade payables, a EUR 3,826k reduction in other current non-financial liabilities, and the cash-relevant components of the EUR 6,600k net loss for the six-month period. In contrast, the EUR 3,723k reduction in inventories had a positive impact on cash flow. The carrying amount of inventories as of June 30, 2024 stood at EUR 58,723k (December 31, 2023: EUR 62,446k).

The net negative cash flow from investing activities in the first half of 2024 amounted to EUR -2,725k (H1/2023: EUR -8,315k) and was driven by investments in property, plant and equipment (outflow of EUR -917k including payments on account) and investments in intangible assets in the form of capitalized development costs (outflow of EUR -1,793k).

The net negative cash flow from financing activities in the first half of 2024 amounted to EUR -22,494 (H1/2023:

EUR -5,383k). In the current fiscal year, this includes the repayment of lease liabilities and loans amounting to EUR 22,494k (H1/2023: EUR 2,920k). The previous year also included a capital reduction amounting to EUR 2,463k arising in conjunction with the share buyback program.

8. OTHER DISCLOSURES

8.1. Disclosures on financial instruments

The following table shows the carrying amounts of the Group's significant financial instruments broken down by category:

€ thousand	June 30, 2024	Dec. 31, 2023
Assets measured at amortized cost		
Trade receivables	31,254	30,611
Cash and cash equivalents	15,567	46,083
Assets measured at fair value		
Derivative financial instruments	253	-
Non-current financial assets	88	90
Total	**47,162**	**76,784**

in T€	30.6.2024	31.12.2023
Liabilities measured at amortized cost		
Trade payables	16,788	17,808
Current financial debt	137	45,071
Other current financial liabilities (excluding derivative financial instruments)	7,418	8,942
Non-current financial debt	24,998	226
Liabilities measured at fair value		
Derivative financial instruments	-	143
Total	**49,341**	**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 are measured at their fair value (Level 2).

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).

Stand-alone derivatives arising from forward currency contracts were measured as of June 30 2024 and December 31,2023 at their fair value (hierarchy 2).

8.2. Events after the end of the reporting period

The Supervisory Board of Cherry SE has parted company with its CFO Dr Matthias Dähn prematurely with effect from July 31, 2024. Dr Mathias Dähn was appointed CFO by the Supervisory Board with effect from April 15, 2023. The decision to terminate his mandate prematurely was made by mutual agreement. With effect from August 1, 2024, responsibility for Global Finance & IT will be permanently transferred to Volker Christ, who had temporarily assumed the duties of CFO and will in future act as Executive Vice President Global Finance & IT, reporting directly to CEO Oliver Kaltner.

The Supervisory Board of Cherry SE has also announced that it does not intend to make any direct replacement on the Management Board of Cherry SE. Instead, the Management Board will be represented by Oliver Kaltner (CEO) and Dr Udo Streller (COO).

No further events of particular significance for the net assets, financial position and results of operations have occurred since the end of the reporting period.

8.3. Disclosures pursuant to § 115 (5) German Securities Trading Act (WpHG)

These Interim Consolidated Financial Statements and the Interim Group Management Report have not been reviewed by an auditor.

8.4. Responsibility Statement by the Legal Representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the Condensed Interim Consolidated Financial Statements for the period from January 1 to June 30, 2024 give a true and fair view of the assets, liabilities, financial position and loss of the Group, and the Interim Group Management Report 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, August 6, 2024

Cherry SE

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