Report of the independent auditor on the audit of the remuneration report pursuant to Sec. 162 (3) AktG

To Cherry SE (formerly: Cherry AG)

Opinion

We have audited the formal aspects of the remuneration report of Cherry SE (formerly Cherry AG), Munich, for the fiscal year from 1 January to 31 December 2022 to determine whether the disclosures required by Sec. 162 (1) and (2) AktG [“Aktiengesetz”: German Stock Corporation Act] have been made therein. In accordance with Sec. 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required by Sec. 162 (1) and (2) have been made in the accompanying remuneration report in all material respects. Our opinion does not cover the content of the remuneration report.

Basis for the opinion

We conducted our audit of the remuneration report in accordance with Sec. 162 (3) AktG and in compliance with the IDW Auditing Standard: Audit of the Remuneration Report in Accordance with Sec. 162 (3) AktG (IDW AuS 870). Our responsibilities under this provision and standard are further described in the “Responsibilities of the auditor” section of our report. As an audit firm, we applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1). We complied with the professional obligations pursuant to the WPO [“Wirtschaftsprüferordnung”: German Law Regulating the Profession of Wirtschaftsprüfer (German Public Auditor)] and the BS WP/vBP [“Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer”: Professional Charter for German Public Accountants/German Sworn Auditors] including the requirements regarding independence.

Responsibilities of the management board and supervisory board

The management board and supervisory board are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of Sec. 162 AktG. In addition, they are responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud or error.

Translation from the German language

Responsibilities of the auditor

Our objectives are to obtain reasonable assurance about whether the disclosures required by Sec. 162 (1) and (2) AktG are made in the remuneration report in all material respects and to express an opinion thereon in a report.

We planned and performed our audit so as to determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by Sec. 162 (1) and (2) AktG. In accordance with Sec. 162 (3) AktG, we have not audited the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

Düsseldorf, 29 March 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Michael	Dr. König
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

REMUNERATION REPORT pursuant to Section 162 AktG

Remuneration Report for the Management Board and Supervisory Board

The Remuneration Report for the Management Board and the Supervisory Board for the 2022 fiscal year has been jointly prepared by the Management Board and the Supervisory Board of Cherry SE (also referred to below as "Cherry" or “the Company”) in accordance with the requirements of Section 162 of the German Stock Corporation Act (AktG). The Remuneration Report explains the principal features of the systems of remuneration in place for the members of the Management Board and the Supervisory Board of Cherry and provides information on the remuneration granted and owed to each current and former member of the Management Board and the Supervisory Board of Cherry in the 2022 fiscal year. The Remuneration Report complies with all current legal and regulatory requirements, in particular Section 162 AktG, and takes into account the recommendations of the German Corporate Governance Code (GCGC). It also complies with all the applicable requirements of the current financial accounting regulations for capital market-oriented companies (German Commercial Code "HGB", International Financial Reporting Standards "IFRS") and the guidelines published by the “Guidelines for Sustainable Management Board Remuneration Systems” working group.

Review of the 2022 fiscal year

Cherry SE (the “**Company**”) was established through a change in the legal form of Cherry AG, which has its registered office in Munich, Germany. The entry in the commercial register of the Munich Local Court was made on December 13, 2022.

Cherry SE's business performance remained below expectations throughout 2022, especially since the beginning of the war in Ukraine and the ongoing supply chain issues. Although the financial earnings targets set for the Management Board were not achieved, the non-financial targets, which primarily related to targeted measures in relation to reporting, were met. From a business performance point of view, the entire 2022 fiscal year was dominated by the lingering impact of the global COVID-19 pandemic on the economy and supply chains, the outbreak of the war in Ukraine in February 2022, and the zero-Covid policy in China. Excessive inventory levels at our customers, the decline in demand caused by high inflation, and the rise in interest rates resulted in revenue and earnings falling significantly short of original market expectations.

With an issue price of EUR 32.00 on June 29, 2021, the Cherry share recorded a high of EUR 39.00 on August 27, 2021 and had fallen to EUR 24.90 by December 31, 2021. In 2022, due to the decline witnessed across all share indices combined with two profit warnings issued by the Company, the Cherry share fell to a record low of EUR 4.96 on October 12, 2021, but had rebounded to EUR 7.58 by December 31, 2022.

Changes in the composition of the Management Board and the Supervisory Board

From the date Cherry SE was entered as a stock corporation in the commercial register of the Munich Local Court on June 2, 2021 until March 31, 2022, the Management Board comprised two members, i.e. the Chief Executive Officer (CEO), Mr. Rolf Unterberger and the Chief Financial Officer (CFO) and Chief Operating Officer (COO), Mr. Bernd Wagner. On April 1, 2022, the Management Board was enlarged to include a third member, Dr. Udo Streller, who took over the position of COO from Mr. Wagner, who had performed the duties of both CFO and COO up to that point. Dr. Streller received a Management Board service contract valid until June 30, 2024.

As of December 31, 2022, Mr. Rolf Unterberger resigned from Management Board and Mr. Oliver Kaltner assumed the role of CEO as of January 1, 2023. His resignation was in alignment with the Supervisory Board, so he retained his contractual STI and LTI entitlements for his service period 2021 and 2022, which are shown in the following overviews. A non-competition clause was subsequently agreed upon with Mr. Unterberger for the six-month period up to June 30, 2023. At 31. December 2022 provisions for this have been made of EUR 192.855. No further compensation or severance payments were granted beyond this.

In the period since Cherry was converted into a stock corporation (AG/SE) and hence during the 2022 fiscal year, the Supervisory Board has consisted of seven members. The members of the Supervisory Board are:

- Marcel Stolk, Chairman of the Supervisory Board
- James Burns, Deputy Chairman of the Supervisory Board and Chairman of the Audit Committee
- Joachim Coers, member of the Personnel and Compensation Committee

- Heather Faust, Chairwoman of the Personnel and Compensation Committee and member of the Audit Committee
- Steven M. Greenberg, Chairman of the Nomination Committee
- Tariq Osman, member of the Nomination Committee and member of the Personnel and Compensation Committee
- Dino Sawaya, member of the Audit Committee and member of the Nomination Committee

Appropriateness of Management Board remuneration and compliance with the defined maximum remuneration

The remuneration system for the Management Board and the total remuneration for each member of the Management Board are determined and regularly reviewed by the full Supervisory Board – after appropriate preparation by the Personnel and Compensation Committee. The topics addressed by the Supervisory Board and the Personnel and Compensation Committee during the year under report are explained in detail in the Report of the Supervisory Board.

The Supervisory Board reviews the appropriateness of the individual remuneration components and the total amount of remuneration on a regular basis. The review of the appropriateness of the Management Board's remuneration showed that the remuneration resulting from the actual level of target achievement for the 2022 fiscal year is appropriate.

Horizontal comparison (external comparison)

In a horizontal comparison, the Supervisory Board ensures that the target total remuneration is commensurate with the duties and the performance of the Management Board as well as the situation of the Company in general and is also in line with current market practice. In particular, the remuneration levels and structures of comparable companies (peer groups) are examined. Suitable companies are used for this comparison with regard to Cherry's market position (particularly industry, size, and country).

In determining the remuneration of the Management Board, the Supervisory Board takes into account the customary level of remuneration, in particular by reference to those of Prime Standard and other selected national and international companies in the electronics and hardware sector. In a horizontal comparison, the appropriateness of the remuneration of the Management Board is reviewed annually by the Supervisory Board in order to ensure that it is in line with market practice and competitive in view of the economic situation of the Company. In addition to Prime Standard companies, the following national and international companies in particular were used for comparison purposes in the appropriateness review conducted during the year under report: Corsair Gaming Inc., Naccon SA, Logitech International SA, Turtle Beach Corp., Asustek Computer Inc..

Vertical comparison (internal comparison)

In addition to a horizontal comparison, the Supervisory Board compares the remuneration of the Management Board with that of the Cherry workforce in a vertical comparison. In the remuneration system of Cherry AG (now Cherry SE) approved by the Annual General Meeting on June 8, 2022, in addition to the executives used for the vertical comparison, the Supervisory Board is required to take the development of remuneration across the entire workforce into account. The Supervisory Board of Cherry SE therefore reviews the development of the specific total remuneration of the members of the Management Board within the Company in relation to the remuneration trend for senior management as well as the workforce as a whole. The senior management team consists of the first management level below the Management Board, comprising in particular the heads of the four business units as well as those of the main specialist departments. The total workforce includes all the employees of the Cherry Group worldwide.

Compensation granted and owed to the Executive Board in fiscal year 2022 decreased by around -27.7% year-on-year due to the high performance-related variable compensation components. By contrast, compensation granted and owed to the 1st management level decreased by only -1.4% and compensation including all incidental costs of the entire workforce increased by 1.1% year-on-year. Compensation granted and owed to the Supervisory Board did not change.

Remuneration of Management Board members

At the Company's Annual General Meeting held on June 8, 2022, pursuant to Section 120a (1) AktG, the remuneration system for the members of the Management Board – which complies with the requirements of Section 87a AktG and the recommendations of the German Corporate Governance Code (GCGC) – was approved. The service contracts of the currently serving members of the Management Board and the new CEO of Cherry SE comply with the requirements of this remuneration system.

The remuneration system for members of the Management Board is generally based on the size, complexity, and economic situation of the Cherry Group and its prospects for the future. Moreover, the system is geared towards the Group's corporate strategy, thus creating an incentive for successful and sustainable corporate leadership. At the same time, it takes into account the responsibilities and the performance of the Management Board as a whole as well as that of its individual members. The remuneration system is therefore based on transparent, performance-related parameters that are geared towards corporate success and sustainability. In order to place the main focus on Cherry's long-term development, the proportion of long-term variable remuneration exceeds that of short-term variable remuneration.

The Supervisory Board as a whole is responsible for the structure of the remuneration system for members of the Management Board and also for determining their individual remuneration. The Supervisory Board's Personnel and Compensation Committee assists the Supervisory Board in this regard, monitors the proper structuring of the remuneration system, and prepares Supervisory Board resolutions. In the event of significant changes to the remuneration system, but at least every four years, the remuneration system is presented to the AGM for approval.

Overview of the remuneration system for the members of the Management Board of Cherry SE

In determining the total remuneration of each Management Board member, comprising basic remuneration, fringe benefits, a pension plan, short-term variable remuneration (STI), and long-term variable remuneration (LTI), the Supervisory Board has taken care to ensure that the various factors are commensurate with the responsibilities and performance of each Management Board member and Cherry's situation and do not exceed the usual level of remuneration without specific justification. With the assistance of external remuneration consultants, in June 2021 the Supervisory Board aligned the remuneration structure to the sustainable and long-term development of the Company. Consequently, variable remuneration components are based on a multi-year assessment and limits have been agreed upon in the event of any exceptional developments.

The performance criteria for both short-term and long-term variable remuneration are based on the Group's strategic objectives and operational management, which are primarily aimed at increasing profitability. For this reason, adjusted EBITDA in conjunction with the relative development of the share price as performance indicators for Cherry SE form the key performance criteria for variable remuneration. While taking the interests of shareholders and other stakeholders into consideration, the aim is to ensure the sustainability of Cherry SE's business operations and take its social and ecological responsibilities duly into account. In addition to the financial targets set for adjusted EBITDA, the achievement of non-financial targets was also agreed for the 2022 fiscal year.

The following table provides a general overview of the various remuneration components for the members of the Management Board for the 2022 fiscal year, the structure of these components, and the objectives on which they are based. The target values for the performance criteria of the variable remuneration components are set annually by the Supervisory Board at the beginning of each fiscal year. All variable remuneration components are limited by a maximum payout cap. In the 2022 fiscal year, the Management Board received all the remuneration components with effect from January 1, 2022 (with the exception of the new third Management Board member, whose remuneration was granted on a time-apportioned basis with effect from April 1, 2022). The variable remuneration is also subject to malus and clawback clauses. In addition, the total annual remuneration for members of the Management Board is limited by a maximum remuneration cap.

A share retention program also forms a further key component of the remuneration system. For the duration of their Management Board service contracts, each member of the Management Board is required to purchase and retain Cherry shares equivalent to at least 400% (CEO and CFO) and 150% (COO) of their annual basic remuneration until the end of the share accumulation phase.

The following table provides an overview of the main components of the Management Board's remuneration system, the underlying targets, including their reference to corporate strategy, and their specific structure in the 2022 fiscal year.

Current remuneration structure	Reference to corporate strategy	Application in 2022 fiscal year
Fixed remuneration		
Basic remuneration		

Current remuneration structure	Reference to corporate strategy	Application in 2022 fiscal year
• Annual fixed, non-performance-based basic remuneration • Payable in twelve monthly installments	Intended to reflect the role and area of responsibility on the Management Board. Intended to ensure an appropriate basic income and prevent unreasonable risk-taking.	**CEO:** EUR 385,710 p.a. **CFO:** EUR 303,600 p.a. **COO:** EUR 285,000 p.a.
Fringe benefits		
• Fringe benefits/benefits in kind in line with market practice • Insurance benefits	To ensure fringe benefits in line with market practice and the assumption of costs that are directly related to and facilitate the activities of the Management Board.	• Company car or vehicle allowance (CEO, COO) • Accident insurance • Contributions to public or private health and long-term care insurance • Inclusion in D&O insurance
Pension plan		
• Contributions to self-funded company pension plan	Intended to secure a retirement pension in part and only granted if at least the same amount is additionally paid in by the Management Board member. Establishing and securing an adequate pension plan is part of a competitive remuneration system.	**CEO:** EUR 4,800 p.a. **CFO:** EUR 4,800 p.a., plus EUR 1,742.49 p.a. for direct insurance **COO:** EUR 4,800 p.a. The Management Board pension plan takes the form of a direct insurance policy in an outsourced pension fund with Allianz-Pensions Management e.V. that has no impact on the Company's statement of financial position. Management Board members are required to pay at least the same amount into the fund by way of salary conversion as that paid by Cherry SE. The monthly contribution is currently limited to EUR 400.
Performance-related annual remuneration		
Short-term variable remuneration (*Short Term Incentive, STI*)		

• Type of plan: Annual bonus based on target amount
• Performance criteria:
  • 70% adjusted Group EBITDA
  • 30% non-financial performance target
• Duration: One year
• Cash payment with first payroll statement after approval of the consolidated financial statements
• Maximum amount payable is capped as a percentage of basic remuneration.
	The STI is a performance-based variable remuneration component with a one-year assessment period that incentivizes the Management Board member's contribution to implementing corporate strategy at an operational level and ensuring sustainable corporate development during the fiscal year concerned.
	The STI is intended to promote profitable growth, while taking into account the overall responsibility of the Management Board and the individual performance of each of its members.
		CEO:
		80%, i.e. EUR 308,568 (assuming 100% target achievement) of the annual basic remuneration once a threshold value of 85% of the agreed target has been achieved.
		
		The maximum amount payable is capped at 120%, i.e. EUR 462,852 of the annual basic remuneration (assuming 150% target achievement). Target achievement between 100-150% is calculated on a progressive linear basis, as presented below. The Supervisory Board defines targets on an annual basis.
		
		CFO:
		60%, i.e. EUR 182,160 (assuming 100% target achievement) of the annual basic remuner-

Current remuneration structure	Reference to corporate strategy	Application in 2022 fiscal year
		ation once a threshold value of 85% of the agreed target has been achieved. The maximum amount payable is capped at 90%, i.e. EUR 273,240 of the basic annual remuneration (assuming 150% target achievement). Target achievement between 100-150% is calculated on a progressive linear basis, as presented below. The Supervisory Board defines targets on an annual basis. **COO:** 31.6%, i.e. EUR 90,000 (assuming 100% target achievement) of the annual basic remuneration once a threshold value of 85% of the agreed target has been achieved. The maximum amount payable is capped at EUR 135,000 p.a. (assuming 150% target achievement). Target achievement between 100-150% is calculated on a progressive linear basis, as presented below. The Supervisory Board defines targets on an annual basis. The STI is calculated on the basis of 70% target achievement for adjusted EBITDA and 30% achievement of various other non-financial performance targets.
Multi-year variable remuneration (*Long Term Incentive, LTI*)		

• Type of plan: Virtual Performance Share Plan
• Performance criteria:
  • 50% relative Total Shareholder Return
  • 50% adjusted Group EBITDA
• Duration: Four years, consisting of a three-year performance period followed by a one-year lock-up period
• Payment either in cash or in Cherry shares, at Cherry SE's discretion
• Maximum amount payable is capped as a percentage of basic remuneration.
	Intended to encourage Management Board members to act in the interests of the sustainable and long-term development of the Company. The link to the development of the share price fosters a stronger connection between shareholder interests and the promotion of Cherry's long-term growth. The variable remuneration component within the LTI also depends on Cherry's success in the context of its long-term strategy and is therefore geared to the long-term development of the Cherry Group.	**CEO:**
		120%, i.e. EUR 462,852 of annual basic remuneration (assuming 100% target achievement).
		
		CFO:
		90%, i.e. EUR 273,240 of the annual basic remuneration (assuming 100% target achievement).
		
		COO:
		36.8%, i.e. EUR 105,000 of annual basic remuneration (assuming 100% target achievement). In 2022, the entitlement was 75%.
		The maximum payout amount per LTI tranche is limited to EUR 625,000 p.a.
		
		The same targets apply to all members of the Management Board: The LTI performance targets are 50% based on the relative Total Shareholder Return target ("rTSR target")

Current remuneration structure	Reference to corporate strategy	Application in 2022 fiscal year
		and 50% on the adjusted Group EBITDA target ("LTI EBITDA target"). Together, the rTSR target and the LTI EBIDTA target constitute the "LTI performance targets."
Payments in the event of early termination of service		
Termination by mutual consent		
Maximum two years' remuneration (severance payment cap)	Intended to avoid unreasonably high severance payments.	Severance pay in the event of early termination: Two years' remuneration without entitlement to an LTI bonus, benefits in kind, and other fringe benefits. The relevant annual remuneration is set out in the respective Management Board service contract. If the contract is terminated on a "bad leaver" basis, all claims to the STI that have not yet been paid out are also forfeited. "Bad leaver" covers resignation for good reason pursuant to Section 84 (3) AktG or due to termination by the Management Board member without good reason.
Other remuneration provisions		
Maximum remuneration		
Pursuant to Section 87a (1) sentence 2 no. 1 AktG	Prevents unreasonably high remuneration.	The service contracts for members of the Management Board contain provisions on maximum remuneration. • CEO: EUR 3.5 million • CFO: EUR 3.0 million • COO: EUR 1.25 million
Share retention program		
Purchase and retention of Cherry shares in relation to the respective basic remuneration.		Each member of the Management Board is required to purchase and retain Cherry shares equivalent to 400% (CEO and CFO) and 150% (COO) of their annual basic remuneration until the end of the share accumulation phase.
Malus/compliance and clawback clause	Strengthens incentives to adhere to key principles of duty and compliance by avoiding inappropriate conduct and unreasonable risks	The Supervisory Board has the option to withhold the STI and LTI or reclaim variable remuneration already paid out in the event of a breach of duty pursuant to Section 93 AktG and/or other compliance duties on the part of Management Board members.
Continued payment of remuneration in the event of illness		Six months, or at the latest when the Management Board member's service contract expires.

In the 2022 fiscal year, the Management Board received the above remuneration from January 1, 2022 to December 31, 2022 *on a time-apportioned basis* for twelve months with the exception of the new Management Board member, who received the basic remuneration and the STI and LTI entitlement from April 1, 2022, i.e. for a period of nine months.

Target remuneration and remuneration structure

The Supervisory Board of Cherry SE has determined the amount of target remuneration for each member of the Management Board applicable for the 2022 fiscal year on a time-apportioned basis as shown in the following table. In doing so, it has ensured that the **target total remuneration** is commensurate with both the responsibilities and the performance of the respective Management Board member. Furthermore, the Supervisory Board of Cherry SE took particular account of the economic situation and the market environment as well as the success and future prospects of the Cherry Group, paying close attention to the standard market rate of the target total remuneration.

Table 1 – Management Board target remuneration 2022

Maximum target remuneration for 100% target achievement	**Rolf Unterberger, CEO** 2022 (Jan. 1–Dec. 31, 2022)		**Bernd Wagner, CFO** 2022 (Jan. 1–Dec. 31, 2022)		**Dr. Udo Streller, COO** 2022 (Apr. 1–Dec. 31, 2022)	
	in €	in %	in €	in %	in €	in %
Basic remuneration	385,710	32.3%	303,600	38.0%	213,750	55.5%
Fringe benefits	32,908	2.8%	32,978	4.1%	24,698	6.4%
Pension plan	4,800	0.4%	6,542	0.8%	400	0.1%
Total fixed remuneration	423,418	35.4%	343,121	43.0%	238,848	62.0%
Short-term variable remuneration **(STI)**	308,567	25.8%	182,160	22.8%	67,500	17.5%
Long-term variable remuneration **(LTI)**	462,852	38.7%	273,240	34.2%	78,750	20.4%
Total variable remuneration	771,419	64.6%	455,400	57.0%	146,250	38.0%
Other		0.0%		0.0%		0.0%
Target total remuneration	1,194,837	100.0%	798,521	100.0%	385,098	100.0%

Appropriateness of Management Board remuneration

In accordance with the remuneration system, the Cherry SE Supervisory Board conducts a review of the market compatibility of the Management Board's remuneration at regular intervals, generally on the basis of a horizontal and vertical comparison. The horizontal review of the appropriateness of the remuneration is conducted based on a comparison with other listed companies. Listed companies with which Cherry SE competes for talent were used for comparative purposes. When conducting the peer group analysis, the Supervisory Board considers companies that are similar to Cherry in terms of market position, industry, size, and country. Eleven listed companies based in Central Europe and North America were used for the peer group analysis in 2022. The peer group consists primarily of market-leading listed companies in the gaming and computer peripherals sector with consumer markets throughout all international regions. The companies selected have a similar business model. Moreover, the Supervisory Board has ensured that the companies included in the peer group are also comparable in terms of size. The Personnel and Compensation Committee considers financial characteristics such as revenue, earnings, and profitability when assessing the appropriateness of the remuneration packages for the Management Board.

Variable remuneration in the 2022 fiscal year

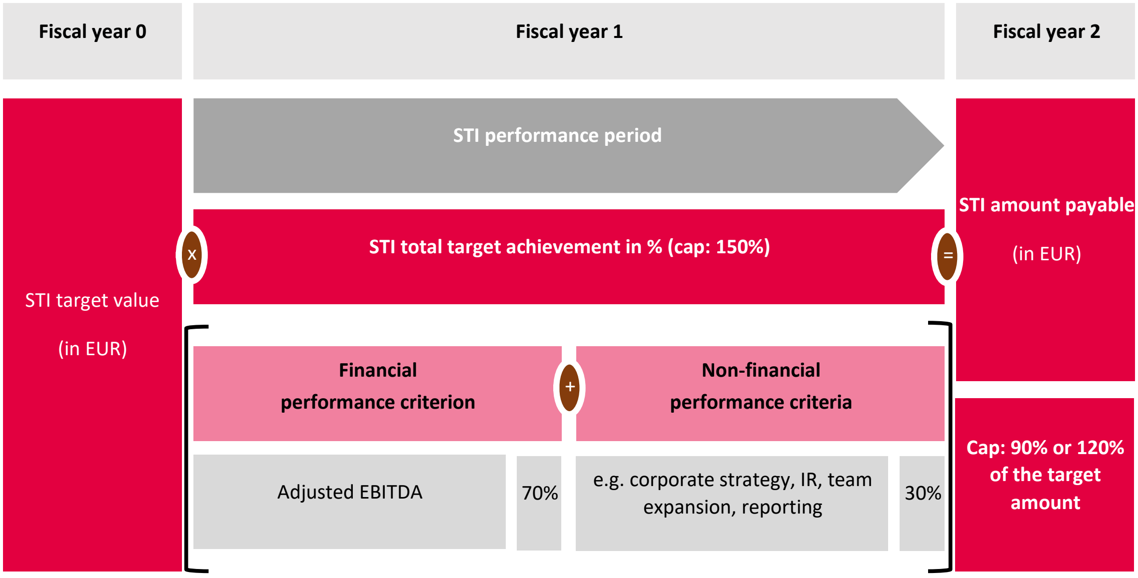
Amount of annual bonus (STI) for the 2022 fiscal year

The STI is a performance-based variable remuneration component with a one-year assessment period. 70% of the STI is calculated on the basis of target achievement for adjusted Group EBITDA (**STI EBITDA target**) and 30% on the achievement of various other non-financial performance criteria (**non-financial STI targets**).

Table 2 – STI diagram

The payment of the STI is calculated as follows:

Fiscal year 2021 2022 2023



Contribution to the long-term development of the Company

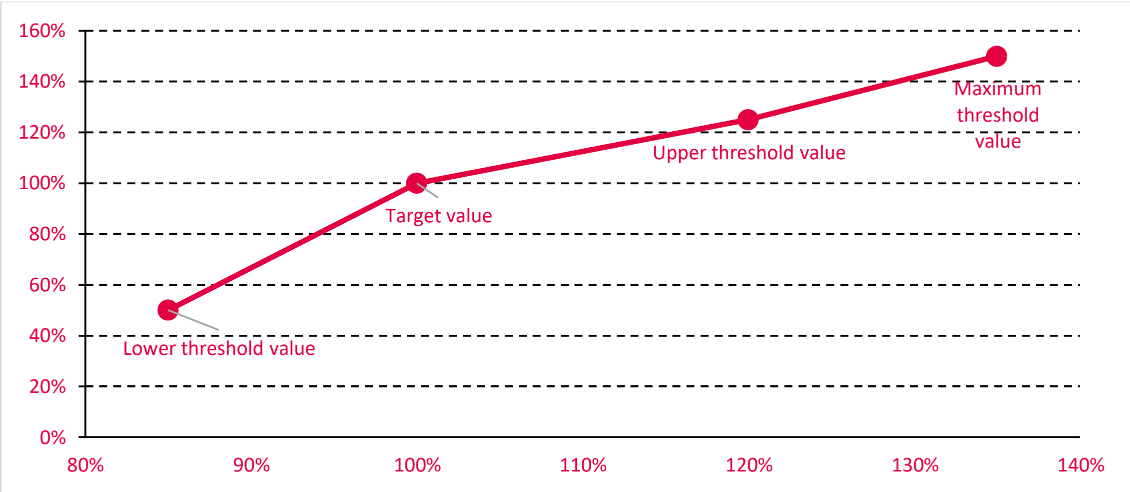
Adjusted EBITDA reflects the Cherry Group's operating profitability and thus helps to promote its business strategy. In addition to its financial development, the sustainable non-financial development of the Cherry Group is also of critical importance for its long-term success. This component of the STI is measured by the achievement of non-financial performance criteria that deliver a qualitative improvement and therefore underpin Cherry SE's capital market viability. For 2022, the focus was therefore on establishing a Group-wide corporate strategy, enlarging the Management Board, improving cooperation with the Supervisory Board, expanding management roles within the business units, and broadening the scope of Investor Relations work in line with the Prime Standard in order to provide investors and the capital market with appropriate information.

Financial performance criterion

The STI EBITDA target value is set annually by the Supervisory Board and based on the budget drawn up for the Cherry Group. The following applies when determining the target and threshold values: If the STI EBITDA target achievement is below 85% of the STI EBITDA target, the share of the total STI target achievement attributable to EBITDA is 0%. If the STI EBITDA target achievement is 85% of the STI EBITDA target, the share of the total STI target achievement attributable to EBITDA is 50% (**lower threshold value**). If the STI EBITDA target achievement is 100% of the STI EBITDA target, the share of the total STI target achievement attributable to EBITDA is 100% (**target value**). If the STI EBITDA target achievement is 120% of the STI EBITDA target, the share of the total STI target achievement attributable to EBITDA is 125% (**upper threshold value**). If the STI EBITDA target achievement is 135% of the STI EBITDA target or greater, the share of the total STI target achievement attributable to EBITDA is 150% (**maximum threshold value**). If the STI EBITDA target achievement lies between the above-mentioned percentages, the STI EBITDA target achievement is calculated on a linear basis. The maximum target achievement is capped at 150% of the STI EBITDA target.

The STI bonus curves are structured according to the following diagram:

Table 3 – STI diagram



With regard to the financial performance criterion relevant for the 2022 fiscal year (STI EBITDA target), the Supervisory Board determined the following target achievements (in EUR million) after the end of the fiscal year:

STI financial target achievement 2022

Performance criterion	Lower threshold value for 50% target achievement	Target value for 100% target achievement	Upper threshold value for 125% target achievement	Maximum threshold value for 150% target achievement (cap)	Actual figure for 2022	Target achievement for 2022 in %
Adjusted Group EBITDA	42.50	50.00	62.50	75.00	15,20	30.40%

As the 2022 target agreed upon for the members of the Management Board is based on adjusted EBITDA, additional one-time adjustments were made in 2022 for extraordinary expenses related primarily to personnel changes, the corporate conversion to an SE, M&A activities, and the e-commerce launch totaling EUR 2.979 million. These expenses raised the actual financial targets achieved, but were nevertheless not sufficient to achieve the overall financial targets, as the 85% threshold was not reached.

Non-financial performance criterion

The non-financial targets for 2022 mainly consisted of personal targets set for the Chairman of the Management Board, the Chief Financial Officer, and the Chief Operating Officer. The targets were different for each Management Board member in 2022. The non-financial targets were largely achieved with an achievable target attainment of between 78 - 113%. The achievement of the milestones reflects performance against development of the business strategy, integration of acquisitions, reliability of financial reporting, development of cost optimization initiatives, and implementation of ESG considerations including team development and mentorship.

STI total target achievement in 2022

For the members of the Management Board, this results in the following total target achievements and payments for the full year 2022 (January 1 to December 31, 2022) for the STI:

Table 4 – Total target achievement 2022

Target achievement in %

STI Target achievement 2022	Target amount 100%	financial target achievement	Non-financial performance	Total target achievement	**Amount payable in €** **(Jan. 1–Dec. 31, 2022)****
Rolf Unterberger	308,568.00	0.00%	109%	32.7%	102.900
Bernd Wagner	182,160.00	0.00%	78%	23.5%	42.806
Dr. Udo Streller*	67,500.00	0.00%	113%	34.0%	22.950
Total	558,228.00			30.00%	168.656

*Time-apportioned with effect from April 1, 2022

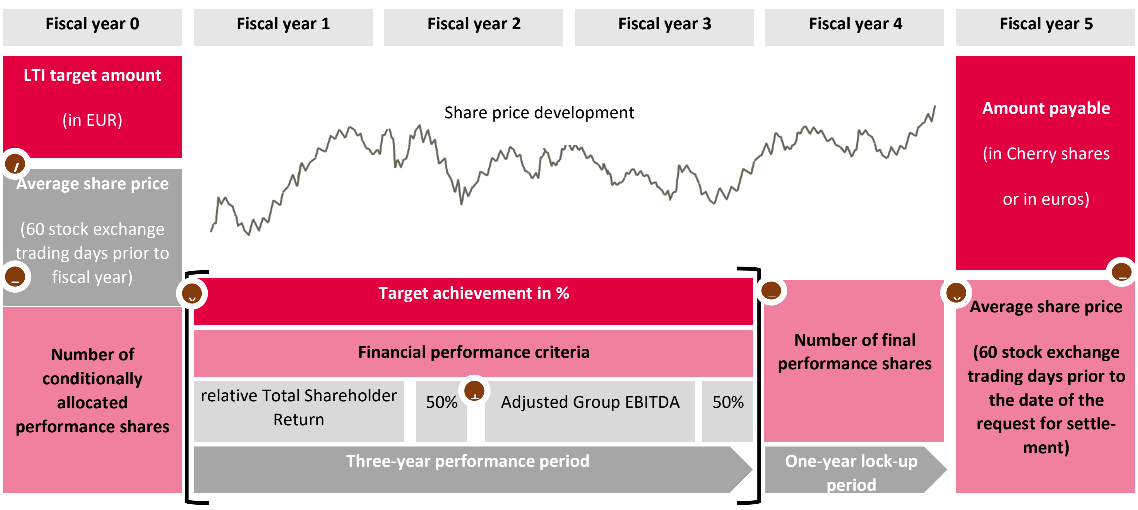
**Payment expected in April 2023

Long-term variable remuneration 2022 (LTI 2022) – conditionally allocated virtual shares

The LTI is structured as a Performance Share Plan in which virtual shares (performance shares) of Cherry SE are conditionally allocated in annual tranches on January 1 of each fiscal year (conditionally allocated performance shares). The duration of an LTI tranche is four years and consists of a three-year performance period (**LTI Performance Period**) and a subsequent one-year lock-up period (**lock-up period**). The LTI performance targets regularly consist of 50% based on relative Total Shareholder Return (**rTSR target**) and 50% based on adjusted Group EBITDA (**LTI EBITDA target**).

Table 5 – LTI diagram

The payment of the LTI is calculated as follows:



Contribution to the long-term development of the Company

The long-term variable remuneration (LTI) is intended to encourage the members of the Management Board to act in the interests of the sustainable and long-term development of Cherry SE. The link to the development of the share price fosters a stronger connection between shareholder interests and the promotion of Cherry's long-term growth. The variable remuneration component within the LTI also depends on Cherry's success in the context of its long-term strategy and is therefore geared to the long-term development of the Cherry Group. The relative Total Shareholder Return is an external performance criterion geared to the capital market and therefore promotes the congruence of interests between management and shareholders. Taking into account the share price performance compared with a peer group (SDAX) also creates an incentive to compete in the long term and outperform the peer group. Adjusted EBITDA reflects the Cherry Group's operating profitability and thus helps to promote its business strategy.

Number of conditionally granted performance shares and determination of targets

With effect from January 1, 2022 (CEO and CFO) and April 1, 2022 (COO), the members of the Management Board were granted an entitlement to receive multi-year variable share-based remuneration for the second and first time respectively. At the beginning of the three-year performance period, the Management Board members receive a number of conditionally allocated performance shares equal to the contractually agreed target amount. The conversion into performance shares is generally based on the average price of Cherry shares during the last 60 trading days prior to the beginning of the four-year term. The average share price relevant for the LTI 2022 is EUR 27.98. The number of performance shares conditionally granted to the individual Management Board members under the LTI in the year under report for the periods from January 1, 2022 and April 1, 2022 to December 31, 2022 respectively is shown in the following table.

Table 6 – LTI target amounts of conditionally granted performance shares

	2021			2022		
Management Board	Target amount (in EUR)	Share price (in EUR)	Number of conditionally allocated performance shares in 2022	Target amount (in EUR)	Share price (in EUR)	Number of conditionally allocated performance shares in 2022
Rolf Unterberger	231,426.00	34.40	6,727	462,852.00	27.98	16,542
Bernd Wagner	136,620.00	34.40	3,971	273,240.00	27.98	9,766
Dr. Udo Streller**	-	-	-	78,750.00	27.98	2,815

*Time-apportioned with effect from July 1, 2021

**Time-apportioned with effect from April 1, 2022

LTI EBITDA target

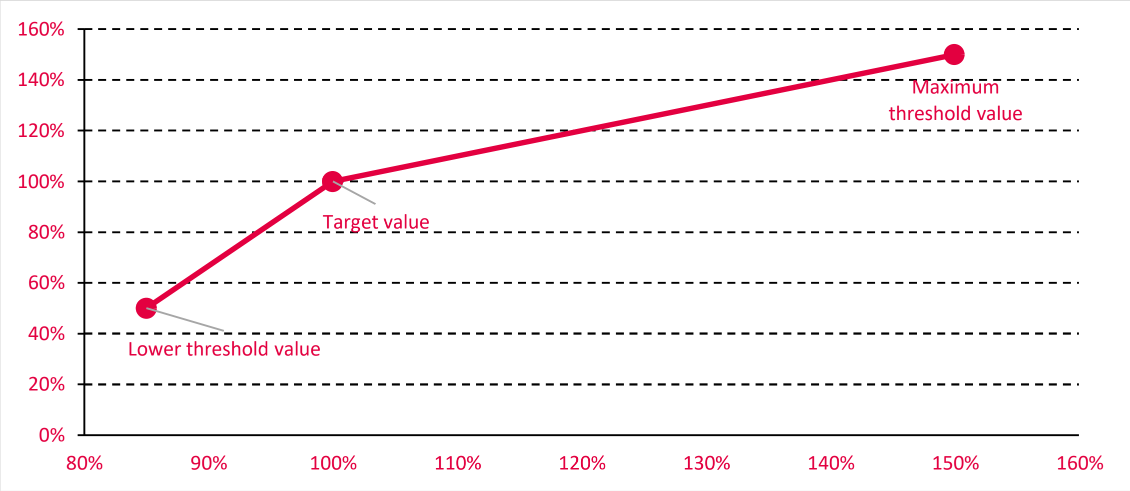
Target achievement in relation to Group adjusted EBITDA is calculated by comparing the Group's average adjusted EBITDA over the three-year performance period with a target value set by the Supervisory Board prior to the actual award. To measure target achievement, the adjusted EBITDA actually achieved based on the relevant approved consolidated financial statements of Cherry SE is compared with the target value for the respective fiscal year. The Supervisory Board takes into account adjustments to EBITDA to an appropriate extent due to, for example, M&A activities, capital market measures, the conversion of the AG into an SE, and other non-recurring special expenses. Target achievement for the LTI EBITDA target is calculated as the average of the LTI EBITDA target achievements during the respective performance period.

As the performance period and the LTI tranche for 2022 does not end until December 31, 2024 and will not be paid out until after the lock-up period (December 31, 2025), the Management Board members did not receive any payments under the LTI in the 2022 fiscal year. The achievement of the LTI tranche for 2022 will be assessed at the end of the performance period, which ends on December 31, 2024.

The following applies when determining the target and threshold values: If the target achievement for the LTI EBITDA target is below 85% of the target value for the year, the LTI EBITDA target achievement is "0" and the Management Board member will not receive any final performance shares for the LTI EBITDA target. If the target achievement for the LTI EBITDA target reaches 85% of the target value, the LTI EBITDA target achievement is 50% (**lower threshold value**). If the target achievement for the LTI EBITDA target reaches 100% of the target value, the LTI EBITDA target achievement is 100%. If the target achievement for the LTI EBITDA target reaches 150% of the target value or greater, the LTI EBITDA target achievement is 150% (**upper threshold value**). If the LTI EBITDA target achievement lies between the above-mentioned percentages, the LTI EBITDA target achievement is calculated on a linear basis. The maximum target achievement is capped at 150% for the LTI EBITDA target.

The bonus curve of the LTI EBITDA target is structured according to the following diagram:

Table 7 – LTI EBITDA bonus curve



The target value for the LTI EBITDA target is set by the Supervisory Board prior to or at the beginning of the respective LTI tranche for each of the three fiscal years of an LTI performance period and is based on the budget drawn up for the Cherry Group. For the 2022 fiscal year, the target value for the LTI EBITDA target was set at EUR 50.0 million. The actual figure achieved in the 2022 fiscal year was EUR 15,20 million, resulting in a target achievement of 30.4% for the 2022 fiscal year, which is below the required threshold of 85%.

rTSR target

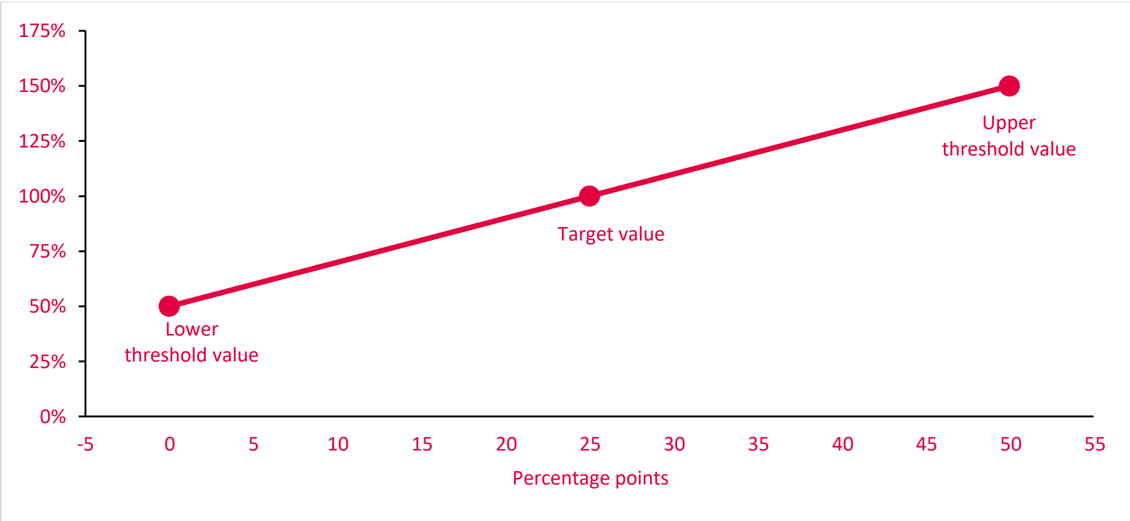
The rTSR is calculated on the basis of the development of the share performance of the Company's share (**Cherry share**) in relation to the development of the SDAX. The rTSR for the respective LTI performance period is the difference between the TSR (Total Shareholder Return) value of the Cherry share and the TSR value of the SDAX according to the following formula:

rTSR = TSR Cherry share – TSR SDAX

The following applies when determining the target and threshold values: If the difference between the TSR of the Cherry share and the TSR of the SDAX is less than 0 percentage points (i.e. negative), the rTSR target achievement is "0%" and the Management Board member will not receive any final performance shares in conjunction with the rTSR target. If the difference between the TSR of the Cherry share and the TSR of the SDAX equals 0 percentage points, the rTSR target achievement is "50%" (**lower threshold value**). If the difference between the TSR of the Cherry share and the TSR of the SDAX equals 25 percentage points, the rTSR target achievement is "100%" (**target value**). If the difference between the TSR of the Cherry share and the TSR of the SDAX equals 50 percentage points or more, the rTSR target achievement is "150%" (**upper threshold value**). If the TSR target achievement lies between the above-mentioned percentages, the rTSR target achievement is calculated on a linear basis. However, the rTSR target achievement cannot exceed 150% of the initial performance shares related to the rTSR target under any circumstances.

The bonus curve of the rTSR target is structured according to the following diagram:

Table 8 – rTSR target bonus curve



As the initial performance period in 2022 does not end until December 31, 2024, the Management Board members did not receive any payments under the LTI for the 2022 fiscal year and therefore did not receive any remuneration granted or owed under the LTI in 2022 pursuant to Section 162 (1) AktG.

Share retention program

In order to align the interests of the members of the Management Board of the Company even more closely with those of the shareholders over and above the variable remuneration, members of the Management Board are required to retain shares in the Company (share retention program). For the duration of their Management Board service contracts, each member of the Management Board is required to purchase and retain Cherry shares equivalent to at least 400% (CEO and CFO) of their annual basic remuneration until the end of the share accumulation phase. The COO is required to purchase and retain 150% of his annual base compensation in Cherry shares until the end of the share accumulation phase. As of the reporting date, the members of the Executive Board held the required number of shares in the shareholding program.

The retained shares are to be accumulated within four years of the beginning of the Management Board service contract. The Management Board member is required to spend a total amount corresponding to the relevant equivalent value as the purchase price for the Cherry shares acquired by the member in each case. Any Cherry shares already held by the Management Board member are thereby taken into account.

Each Management Board member is required to regularly provide Cherry SE with suitable evidence of the shares currently held at the end of each six-month financial reporting period throughout the duration of the Management Board service contract and immediately prior to the due date of the respective LTI payout.

Compliance with maximum remuneration

Pursuant to Section 87a (1) sentence 2 no. 2 AktG, the service contracts of the current members of the Management Board stipulate a maximum annual remuneration of EUR 3.5 million for the Chairman of the Management Board, EUR 3.0 million for the CFO, and EUR 1.25 million for the COO. However, the maximum remuneration can only be reviewed retrospectively once the payment of the LTI tranche issued for the respective fiscal year has been made. As the incumbent members of the Management Board received an LTI tranche with a three-year term in the year under report, compliance with the maximum remuneration as defined in Section 162 (1) sentence 2 no. 7 AktG can only be reported on for the first time in the Remuneration Report for the 2025 fiscal year.

Malus and clawback clauses

Under certain circumstances, the Supervisory Board has the option to withhold remuneration not yet paid out of variable remuneration components (“**malus**”) or reclaim remuneration already paid out of variable remuneration components (“**clawback**”).

No variable remuneration components were either withheld or clawed back in the 2022 fiscal year.

Third-party benefits

No benefits were either pledged or awarded by a third party to the incumbent members of the Management Board during the 2022 fiscal year with regard to their activities as members of the Management Board.

Change of control

No specific provisions exist in the event of a change of control.

Remuneration granted and owed to members of the Management Board pursuant to Section 162 (1) sentence 1 AktG

During the 2022 fiscal year, the members of the Management Board were granted remuneration for the period from January 1, 2022 to December 31, 2022 (with the exception of the Management Board member who most recently joined). The following tables show the remuneration granted and owed to the individual members of the Management Board in the 2022 fiscal year pursuant to Section 162 (1) sentence 1 AktG. This represents the total amount of remuneration granted in the 2022 fiscal year (basic remuneration, fringe benefits, variable remuneration related to a single year, and pension expense).

Remuneration is deemed to have been granted as defined in section 162 (1) sentence 1 AktG once it is actually received by the member of the executive body and is thus transferred to his/her assets, irrespective of whether the payment is made to meet an obligation or for no legal reason. In the following table, remuneration is also deemed to have been granted as defined in Section 162 (1) sentence 1 AktG if the underlying work over one or more years has been completed by the end of the fiscal year and the remuneration is not transferred to the recipient's account until the beginning of the following fiscal year. The amounts disclosed in relation to the STI correspond to the entitlements earned for the fiscal year 2022, as the underlying performance was fully rendered by the end of the fiscal year on December 31, 2022, and the STI was therefore fully earned (performance period: January 2022 to December 2022, payment expected in April 2023). The bonus (STI) for the 2022 fiscal year is therefore regarded as remuneration granted as defined in Section 162 (1) sentence 1 AktG. For the LTI 2022, this applies mutatis mutandis: The underlying performance will not be fully rendered until the end of the fiscal year on December 31, 2024 and the LTI 2022 will therefore only be fully earned in 2024 (performance period: from January/April 2022 to December 2024, payment expected in June 2026). The LTI 2022 for the 2022 fiscal year is therefore not disclosed in this Remuneration Report, but for the first time in the Remuneration Report 2025 as remuneration granted in the 2024 fiscal year as defined in Section 162 (1) sentence 1 AktG.

The following table shows the remuneration granted and owed to the members of the Management Board who were active in the 2022 and 2021 fiscal years pursuant to Section 162 (1) sentence 1 AktG. These are the remuneration components that were either actually paid to the individual Management Board members within the period under report ("granted") or already legally due in the period under report, but not yet paid ("owed").

Table 9 – Overview of remuneration granted and owed pursuant to Section 162 AktG

Rolf Unterberger	2021		2022	
(Management Board member since June 1, 2021)	(in EUR)	(in %)	(in EUR)	(in %)
Basic remuneration	224,998	47.8%	385,710	73.6%
Fringe benefits	20,488	4.4%	32,908	6.3%
Total	**245,486**	**52.2%**	**418,618**	**89.0%**
Short-term variable remuneration (STI)*	221,960	47.2%	100,902	19.2%
Long-term variable remuneration (LTI)**	/	/	/	/
Total	**221,960**	**47.2%**	**100,902**	**19.2%**
Pension expense	2,800	-0.6%	4,800	0.9%
Total remuneration	**470,246**	**100.0%**	**524,320**	**100.0%**

Bernd Wagner	2021		2022	
(Management Board member since June 1, 2021)	(in EUR)	(in %)	(in EUR)	(in %)
Basic remuneration	177,100	53.5%	303,600	78.7%
Fringe benefits	19,258	5.8%	32,978	8.5%
Total	**196,358**	**59.3%**	**336,578**	**87.2%**
Short-term variable remuneration (STI)*	131,032	39.6%	42,806	11.1%
Long-term variable remuneration (LTI)**	/	/	/	/
Total	**131,032**	**39.6%**	**42,806**	**11.1%**
Pension expense	3,816	1.2%	6,542	1.7%
Total remuneration	**331,206**	**100.0%**	**385,927**	**100.0%**

Dr. Udo Streller	2021		2022	
(Management Board member since April 1, 2022)	(in EUR)	(in %)	(in EUR)	(in %)
Basic remuneration	/	/	213,750	81.6%
Fringe benefits	/	/	24,698	9.4%
Total	**/**	**/**	**238,448**	**91.0%**
Short-term variable remuneration (STI)*	/	/	22,950	8.7%
Long-term variable remuneration (LTI)**	/	/	/	/
Total	**/**	**/**	**22,950**	**8.7%**
Pension expense	/	/	400	0.2%
Total remuneration	**/**	**/**	**261,798**	**100.0%**

*In 2021, STI is calculated on a time-apportioned basis with effect from June 2021

**LTI in 2021 and 2022 are recorded as an expense for personnel-related provisions, despite the fact that an entitlement has not yet arisen.

Supervisory Board remuneration 2022

Structure of Supervisory Board remuneration

The remuneration of the members of the Supervisory Board is governed by Article 14 of the Company's Articles of Incorporation.

The remuneration of the members of the Supervisory Board comprises a fixed amount of EUR 45,000. In addition, Cherry SE reimburses the members of the Supervisory Board for necessary expenses incurred in the performance of their duties and for the value-added tax they are legally required to pay. Furthermore, the members of the Supervisory Board are included in a financial loss liability insurance policy for members of executive bodies (directors' and officers' liability insurance) maintained by the Company at an appropriate level in the interests of the Company, insofar as such a policy exists. In compliance with Recommendation G.17 of the GCGC, the greater time commitment of the Chairman and the Deputy Chairman of the Supervisory Board as well as the chairpersons and members of committees is appropriately taken into account. The Chairman of the Supervisory Board receives a fixed remuneration of EUR 90,000 and the Deputy Chairman a fixed basic remuneration of EUR 67,500 for the respective fiscal year.

For their work on the Audit Committee of the Supervisory Board, the Chairman of the Audit Committee receives EUR 25,000 and each further member of the Audit Committee receives EUR 12,500 for the respective fiscal year. The Chairman of the Nomination Committee and the Chairwoman of the Personnel and Compensation Committee each receive an additional annual fixed remuneration of EUR 15,000. Each member of the Supervisory Board who is also a member of the Personnel and Compensation Committee or the Nomination Committee without being chairperson receives an additional fixed annual remuneration of EUR 7,500.

The annual remuneration is payable at the end of each fiscal year and falls due for payment within the first six weeks of the following fiscal year. The initial members of the Supervisory Board and any members who join the Supervisory Board, a committee, commence a specific function or leave the Supervisory Board, a committee, or a specific function during a fiscal year are entitled to receive one twelfth of the relevant annual remuneration component for each month or part thereof of their membership or the performance of their function.

The Supervisory Board's remuneration for the 2022 fiscal year was paid in February 2023.

Pursuant to Section 113 (3) AktG, a resolution on the remuneration of the members of the supervisory boards of listed companies must be approved by the Annual General Meeting at least every four years. The most recent resolution on the remuneration of the members of the Supervisory Board was approved by the Annual General Meeting of the Company on June 8, 2021.

Remuneration granted and owed to members of the Supervisory Board pursuant to Section 162 (1) sentence 1 AktG

The remuneration for the individual members of the Supervisory Board of Cherry SE pursuant to Section 162 (1) sentence 1 AktG for the 2022 fiscal year is presented below, whereby the remuneration of the Supervisory Board members included therein reflects the "remuneration granted and owed" pursuant to Section 162 (1) sentence 1 AktG as defined above in the section "Remuneration granted and owed to members of the Management Board pursuant to Section 162 (1) sentence 1 AktG".

Table 10 – Remuneration granted and owed to members of the Supervisory Board pursuant to Section 162 (1) sentence 1 AktG

Name	Function	Committee chair	**Remuneration 2021**	Basic remuneration 2022	Basic remuneration	Nomination Committee	Personnel and Compensation Committee	Audit Committee	Committee remuneration	**Total remuneration 2022**
				(EUR)	in %	(EUR)	(EUR)	(EUR)	in %	**(EUR)**
Marcel Stolk	Chairman		60,000	90,000	100%				0%	**90,000**
James Burns	Deputy Chairman	X	59,583	67,500	73%			25,000	27%	**92,500**
Joachim Coers	Member		34,375	45,000	86%		7,500		14%	**52,500**
Steven Greenberg	Member	X	38,750	45,000	75%	15,000			25%	**60,000**
Heather Faust	Member	X	46,042	45,000	62%		15,000	12,500	38%	**72,500**
Tariq Osman	Member		38,750	45,000	75%	7,500	7,500		25%	**60,000**
Dino Sawaya	Member		41,667	45,000	69%	7,500		12,500	31%	**65,000**

Total	**319,167**	**382,500**	**78%**	**30,000**	**30,000**	**50,000**	**22%**	**492,500**

In 2022, the Supervisory Board received its entitlements to fixed remuneration with effect from January 1, 2022. The Supervisory Board members also received remuneration for their participation in committees for the entire 2022 fiscal year.

The Remuneration Report has been formally audited by the independent auditor and is required to be approved by the shareholders at the next AGM on May 17, 2023.

The Remuneration Report will be available on the Company's website for a period of 10 years. Any personal data contained in the report will be deleted after 10 years at the latest.

March 2023