

Separate Financial Statements of Comet Holding AG

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Balance sheet

In thousands of CHF	Note	Dec. 31, 2018	%	Dec. 31, 2017	%
Assets					
Cash and cash equivalents		114		782	
Trade receivables from subsidiaries		14		17	
Prepaid expenses		196		275	
Total current assets		324	0.2%	1,074	0.6%
Non-current financial assets - loans	3	113,484		119,451	
Investments in subsidiaries	2	75,431		61,785	
Intangible assets		–		523	
Total non-current assets		188,915	99.8%	181,759	99.4%
Total assets		189,239	100.0%	182,832	100.0%
Liabilities and shareholders' equity					
Current trade payables to non-Group entities		106		111	
Current trade payables to shareholders and governing bodies		262		264	
Accrued expenses		1,232		1,181	
Non-current interest-bearing liabilities	8	60,000		60,000	
Total liabilities		61,600	32.6%	61,556	33.7%
Capital stock	5	7,760		7,754	
Statutory capital reserve		8,434		19,233	
Statutory earnings reserve		4,967		4,967	
Retained earnings brought forward		89,323		74,535	
Net income for the year		17,156		14,788	
Total retained earnings		106,479		89,323	
Total shareholders' equity		127,639	67.4%	121,276	66.3%
Total liabilities and shareholders' equity		189,239	100.0%	182,832	100.0%

Statement of income

In thousands of CHF	2018	%	2017	%
Dividend income	20,164		14,463	
Other financing income	2,612		4,951	
Other operating income	–		491	
Total income	22,776	100.0%	19,906	100.0%
Financing expenses	(2,255)		(2,922)	
Other operating expenses	(2,842)		(1,898)	
Amortization of rights to trademarks and names, FeinFocus	(523)		(298)	
Total expenses	(5,620)	24.7%	(5,118)	25.7%
Net income for the year	17,156	75.3%	14,788	74.3%

Notes to the separate financial statements of Comet Holding AG

General information

Comet Holding AG has its registered office in Flamatt, Switzerland and is the Comet Group's parent holding company listed on the Swiss stock exchange. The separate financial statements of Comet Holding AG at and for the year ended December 31, 2018 comply with the provisions of the Swiss Code of Obligations. The manner of the inclusion of Comet Holding AG in the consolidated accounts is governed by the measurement principles set out in the notes to the consolidated financial statements.

01 Accounting principles

These separate financial statements were prepared in accordance with the principles of the applicable Swiss Accounting Law (Title 32 of the Swiss Code of Obligations).

Receivables and loans

Receivables and loans are stated at nominal amounts less any necessary write-downs.

Intangible assets

Intangible assets – the rights to trademarks and names related to FeinFocus – are recognized at historical cost less necessary amortization and impairment charges. The rights were written off in full in the year under review.

Investments in subsidiaries

Investments in subsidiaries are recognized at historical cost less necessary impairment charges, and individually tested annually for impairment.

02 Investments in subsidiaries

The following companies were consolidated in the Group financial statements of Comet Holding AG at December 31, 2018:

Company	Registered office	Currency	Capital stock	Equity interest in % *	
				2018	2017
Comet Holding AG	Flamatt, Switzerland	CHF	7,759,882	100%	100%
Comet AG	Flamatt, Switzerland	CHF	2,000,000	100%	100%
Comet Electronics (Shanghai) Co. Ltd.	Shanghai, China	CNY	5,466,148	100%	100%
Comet Mechanical Equipment (Shanghai) Co. Ltd.	Shanghai, China	CNY	1,655,420	100%	100%
Comet Technologies USA, Inc.	Shelton, CT, USA	USD	1,000	100%	100%
Comet Technologies Korea Co. Ltd.	Suwon, Korea	KRW	500,000,000	100%	100%
Yxlon International GmbH	Hamburg, Germany	EUR	110,000	100%	100%
Yxlon International A/S	Taastrup, Denmark	DKK	601,000	100%	100%
Yxlon International KK	Yokohama, Japan	JPY	10,000,000	100%	100%
Yxlon (Beijing) X-Ray Equipment Trading Co. Ltd.	Beijing, China	CNY	1,077,000	100%	100%

* Comet Holding AG also holds 100% of the voting rights in all companies.

03 Non-current financial assets – loans

Loans to subsidiaries were as follows:

In thousands of CHF	2018	2017
Comet AG	71,555	53,720
Comet Technologies USA, Inc.	22,153	39,165
Comet Technologies Korea Co. Ltd.	–	42
Yxlon International GmbH	16,785	22,689
Yxlon International A/S	2,991	2,980
Yxlon International KK	–	855
Total loans to subsidiaries	113,484	119,451

04 Listing and shareholders

Comet Holding AG (the “Company”) is the Group’s only company listed on a stock exchange. The Company’s registered office is in Flamatt, Switzerland. The registered shares of Comet Holding AG have been listed in the main market segment of the SIX Swiss Exchange in Zurich since December 17, 2002.

Ticker symbol	COTN
Security number	36 082 699
ISIN	CH0360826991
Closing price at December 31, 2018	CHF 79.75
Market capitalization at December 31, 2018	CHF 619 million

Assorted data on the stock of Comet Holding AG is provided inside the cover flap at the front of the annual report.

Listed and non-listed Group companies

Comet Holding AG has no publicly traded subsidiaries. The companies consolidated in the Comet Group are presented above in note 2, “Investments in subsidiaries”.

Registered shareholders

At December 31, 2018, Comet Holding AG had 5,121 voting shareholders of record (i.e., voting shareholders registered in the share register; prior year: 3,303). Of the total issued registered stock, 100% (prior year: 100%) represented free float. Comet Holding AG held no treasury stock at December 31, 2018 (prior year: none). The structure of share ownership size classes among the shareholders of record at December 31, 2018 was as follows:

Number of shares	Number of shareholders
1 to 1,000	4,698
1,001 to 10,000	379
10,001 to 50,000	33
50,001 to 100,000	5
More than 100,000	6

This analysis includes only the stock of shareholders who were registered in the share register. At December 31, 2018 the shares of unregistered owners amounted to 27% of the total (prior year: 40%).

Significant shareholders

Ownership interests in companies domiciled in Switzerland whose shares are listed at least partly in Switzerland must be notified both to the issuer company and to the SIX Swiss Exchange when the holder's voting rights reach, increase above or fall below certain thresholds. These notification thresholds are 3%, 5%, 10%, 15%, 20%, 25%, 33 $\frac{1}{3}$ %, 50% and 66 $\frac{2}{3}$ % of voting rights. The relevant details are set out in the Swiss Stock Exchange Act (BEHG) and in the Ordinance of the Swiss Financial Market Supervisory Authority on Stock Exchanges and Securities Trading (the FINMA Stock Exchange Ordinance).

At December 31, 2018 the Company, according to disclosure notifications, had the following significant shareholders (defined for this purpose as holding voting rights in excess of 3% of the Comet capital stock recorded in the Swiss commercial register of companies):

Beneficial owner	Direct shareholder	Share of voting rights as disclosed by shareholders
Haldor Foundation	Tringle Investment Pte Ltd	10.13%
N/A	VERAISON SICAV - Engagement Fund	7.29%
Pictet Asset Management SA (Direction de Fonds)		5.07%
UBS Fund Management (Switzerland AG)		3.63%
Credit Suisse Funds AG		3.01%

The Company has not been notified of nor is aware of any other shareholders that held more than 3% of its shares. To the best of the Company's knowledge there were no voting pool agreements.

With an effective date of January 9, 2019, VERAISON has announced an increase in its voting rights to a share of 10.04%.

Reportable changes during fiscal year 2018

In the fiscal year under review, 15 reportable announcements were published. For a complete list of all announcements under section 20 BEHG, refer to the publication platform of the disclosure section of the SIX Swiss Exchange: www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

Cross-shareholdings

There were no cross-shareholdings with other publicly traded companies.

05 Equity capital structure**Capital stock**

The capital stock at January 1, 2018 was CHF 7,753,658, divided into 7,753,658 registered shares with a par value of CHF 1.00 per share (after the prior year's stock split).

In fiscal year 2018 the capital stock was increased by 6,224 shares from the portion of authorized capital designated for equity-based compensation. Including the increase of 6,224 shares from this portion of authorized capital, Comet Holding AG at December 31, 2018 thus had a new total of CHF 7,759,882 of capital stock, divided into 7,759,882 registered shares with a par value of CHF 1.00 per share. The capital stock is fully paid in.

At its meeting on August 9, 2018 the Board of Directors established that the capital increase from authorized capital for equity compensation was properly performed. The information in the commercial register, and the Bylaws of Comet Holding AG, were updated to reflect the change in capital stock.

	2018		2017	
	Number of shares	Par value in CHF	Number of shares	Par value in CHF
January 1	7,753,658	7,753,658	7,745,430	7,745,430
Increase in capital from the portion of authorized capital designated for equity compensation	6,224	6,224	8,228	8,228
December 31	7,759,882	7,759,882	7,753,658	7,753,658

At the balance sheet date, Comet Holding AG held no treasury stock (prior year: none).

Authorized capital for equity compensation

Under section 3b of its Bylaws, a portion of the Company's unissued authorized capital is designated for use only as equity-based compensation (in German this portion is known as "bedingtes Aktienkapital"). In such a capital increase, stock is issued to Executive Committee members and/or Board members of Comet Holding AG. With respect to this portion of authorized capital, the other shareholders' pre-emptive rights are excluded. The issuance of stock or stock subscription rights is based on a compensation plan (in the form of a written regulation) adopted by the Board of Directors.

In May 2018, in accordance with the compensation plan, the members of the Board of Directors were granted a total of 1,141 shares of stock in payment of CHF 153,750 of fixed retainers due for fiscal year 2017. In addition, as part of their compensation for 2018, the members of the Board of Directors were granted a total of 568 shares in payment of CHF 76,538 of fixed retainers due for the period from January 1, 2018 to the 2018 Annual Shareholder Meeting. The fully paid shares were applied to the retainers due at a price of CHF 134.75 per share.

Members of the Executive Committee were granted a total of 4,515 shares in payment of CHF 608,396 of profit-sharing compensation due for fiscal year 2018. The fully paid shares were applied to the compensation due at a price of CHF 134.75 per share.

As a result of these grants of a total of 6,224 shares made in 2018, the Company's unissued authorized capital for equity-based compensation showed the following movement:

	2018		2017	
	Number of shares	Par value in CHF	Number of shares	Par value in CHF
January 1	209,462	209,462	217,690	217,690
Increase in capital (awards to Board of Directors for prior term's retainer and to Executive Committee for prior year's profit-sharing compensation)	(6,224)	(6,224)	(8,228)	(8,228)
December 31	203,238	203,238	209,462	209,462

At the end of the year, the remaining unissued authorized capital for equity-based compensation was CHF 203,238, or 2.6% of the existing capital stock.

Authorized capital for other capital increases

At December 31, 2018, in addition to shares outstanding and to unissued authorized capital for equity compensation, the Company had unissued authorized capital for purposes set out in section 3a of the Bylaws (in German: "genehmigtes Aktienkapital"). The Board of Directors is authorized, at any time until April 26, 2020, to increase the capital stock by a maximum of CHF 1.4 million by issuing up to 1,400,000 fully payable registered shares with a par value of CHF 1.00 per share, which represents 18% of the existing capital stock. Increases by firm commitment underwriting and increases by part of the total authorized amount are permitted. The amount of the respective issue, the date when entitlement to dividend commences, the terms of any exercise of pre-emptive rights and the nature of the contributions are determined by the Board of Directors.

The Board of Directors is authorized to exclude shareholders' subscription rights and assign these rights to third parties if the shares in question are to be used for the acquisition of companies via equity swaps or to finance the cash purchase of companies or parts of companies, or to finance new investment projects of Comet Holding AG, or for providing an ownership interest to an industrial partner (either in order to cement a strategic alliance or in the event of a takeover offer for the Company). Stock for which pre-emptive rights are granted but not exercised must be sold by the Company at market prices.

06 Disclosure of shareholdings of the Board of Directors and Executive Committee

The ownership interests in Comet Holding AG held by current members of the Board of Directors and Executive Committee are disclosed below. This disclosure covers all persons who held positions on the Board of Directors or Executive Committee for all or part of the year under review or of the prior year, regardless of whether they still did so at the balance sheet date. The shareholdings shown include those of respective related parties.

	Total number of shares		Of which: number of shares subject to holding periods ending on:			Freely disposable	Share of voting rights	
	2018	2017	4/21/2019	4/20/2020	4/26/2021		2018	2017
Hans Hess Chairman of the Board	37,222	36,733	1,040	543	489	35,150	0.5%	0.5%
Lucas A. Grolimund Vice Chairman and member of the Board	9,865	9,621	520	271	244	8,830	0.1%	0.1%
Gian-Luca Bona Member of the Board	5,665	5,421	520	271	244	4,630	0.1%	0.1%
Rolf Huber Member of the Board	13,605	13,361	520	271	244	12,570	0.2%	0.2%
Mariel Hoch Member of the Board	515	271	0	271	244	0	0.0%	0.0%
Franz Richter Member of the Board	515	271	0	271	244	0	0.0%	0.0%
Rene Lenggenhager Chief Executive Officer	6,024	5,500	0	0	461	5,563	0.1%	0.1%
Markus Portmann Chief Financial Officer	2,943	2,469	540	709	357	1,337	0.0%	0.0%
Thomas Polzer Chief Operating Officer (until June 13, 2018)	658	269	0	269	326	63	0.0%	0.0%
Detlef Steck President of X-Ray Systems division (until June 30, 2018)	1,058	697	0	597	401	60	0.0%	0.0%
Thomas Wenzel President of X-Ray Systems division (since December 1, 2018)	73	0	0	0	0	73	0.0%	0.0%
Michael Kammerer President of Plasma Control Technologies division	1,877	2,361	530	691	656	0	0.0%	0.0%
Charles Flükiger President of ebeam Technologies division (until September 30, 2018)	3,323	2,361	530	691	348	1,754	0.0%	0.0%
Stephan Haferl President of X-Ray Modules division (since January 1, 2018)	151	0	0	0	0	151	0.0%	0.0%
Eric Dubuis Chief Information Officer	1,170	1,754	380	504	279	7	0.0%	0.0%
Prisca Hafner Chief Human Resources Officer (since January 1, 2018)	180	0	0	0	0	180	0.0%	0.0%

Each 10,000 registered shares of Comet Holding AG, of a par value of CHF 1.00 per share, represented 0.1289% of all voting power (prior year: 0.1290%). The members of the Board of Directors and Executive Committee held a combined total of 1.1% of voting rights (prior year: 1.2%). No material changes in ownership interests arose after the balance sheet date of December 31, 2018.

07	Options, conversion rights and treasury stock	Comet Holding AG has not issued any conversion rights or stock options. In fiscal year 2018 and the prior year, Comet Holding AG held no treasury stock.
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08	Bond	<p>On April 20, 2016, Comet Holding AG issued a bond in the amount of CHF 60 million (denomination: CHF 5,000). The term is five years and the bond matures on April 20, 2021. The fixed coupon over the term of the bond is 1.875%, payable annually on April 20.</p> <p>Listing: SIX Swiss Exchange (security number 32061943, ISIN number CH0320619437, ticker symbol COT16).</p>
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09	Guarantees and pledged assets	The Group is taxed as a single entity for purposes of value-added taxation, and Comet Holding AG therefore has joint and several liability for the value-added tax obligations of its Swiss subsidiary.
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10	Number of full-time equivalents	The annual average number of full-time equivalents in 2018 and 2017 was less than ten.
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11	Release of the separate financial statements for publication	The Board of Directors released these financial statements on March 7, 2019 for publication and will present them to shareholders for approval at the Annual Shareholder Meeting on April 25, 2019.
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Board of Directors' proposal for the appropriation of retained earnings and distribution from distributable paid-in capital

- 01 Proposal for appropriation of 2018 retained earnings** At the Annual Shareholder Meeting the Board of Directors will propose the following appropriation of retained earnings:

In thousands of CHF	2018
Earnings brought forward	89,323
Transfer from distributable paid-in capital reserve	–
Net income for the year	17,156
Retained earnings available for distribution	106,479
Earnings carried forward	106,479

- 02 Proposal for payment of a dividend** At the Annual Shareholder Meeting the Board of Directors will propose a total distribution of CHF 1.20 per share in an aggregate amount of CHF 9.3 million. Provided it is approved, the distribution will result in the following movement in the distributable paid-in capital reserve and in retained earnings:

Distribution from distributable paid-in capital

At the Annual Shareholder Meeting the Board of Directors will propose a distribution of CHF 1.00 per share from distributable paid-in capital.

In thousands of CHF	2018
Distributable paid-in capital reserve at December 31, 2018	8,434
Payout of CHF 1.00 per share (prior year: CHF 1.50)	(7,760)
Distributable paid-in capital reserve after proposed payout	674

Distribution from retained earnings

At the Annual Shareholder Meeting the Board of Directors will further propose a distribution of CHF 0.20 per share from retained earnings.

In thousands of CHF	2018
Retained earnings at December 31, 2018	106,479
Payout of CHF 0.20 per share (prior year: nil)	(1,552)
Retained earnings after proposed payout	104,927

Provided these proposals are approved, the net total distribution of CHF 1.20 per entitled share will be paid on May 2, 2019.



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To the General Meeting of
Comet Holding Ltd., Flamatt

Berne, 7 March 2019

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Comet Holding Ltd., which comprise the balance sheet, income statement and notes (pages 93 to 100), for the year ended 31 December 2018.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 December 2018 comply with Swiss law and the company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment of investments and loans

Risk As the parent company of the Group, the company holds investments in various subsidiaries. Furthermore, the parent company uses intragroup loans to fund a number of subsidiaries. Investments and loans each amount to approx. 50% of total assets and are therefore material. By definition, amounts recognized on the balance sheet are subject to an impairment risk. When there are indications of possible impairments, management prepares the required calculations and, if applicable, records a depreciation or allowance. The calculations are based in part on simplified principles, especially when management considered the risk of an impairment to be low.

Our audit approach We reviewed the calculations performed by management, which were based on statutory financial statements or assessments in connection with the consolidated financial statements. For more complex cases, we involved our valuation specialists in checking particularly the plausibility of the discount rates used. Our audit procedures did not lead to any reservations concerning the measurement of the investments and loans.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.



We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Roland Ruprecht
Licensed audit expert
(Auditor in charge)

Philippe Wenger
Licensed audit expert