

# Separate Financial Statements of Comet Holding AG

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## Statement of income

In thousands of CHF	2019	%	2018	%
Dividend income	15,855		20,164	
Other financing income	2,434		2,612	
<b>Total income</b>	<b>18,289</b>	<b>100.0%</b>	<b>22,776</b>	<b>100.0%</b>
Financing expenses	(1,254)		(2,255)	
Other operating expenses	(2,873)		(2,842)	
Amortization of rights to trademarks and names, FeinFocus	–		(523)	
Income tax	(118)		–	
<b>Total expenses</b>	<b>(4,245)</b>	<b>23.2%</b>	<b>(5,620)</b>	<b>24.7%</b>
<b>Net income for the year</b>	<b>14,044</b>	<b>76.8%</b>	<b>17,156</b>	<b>75.3%</b>

## Balance sheet

In thousands of CHF	Note	Dec. 31, 2019	%	Dec. 31, 2018	%
<b>Assets</b>					
Cash and cash equivalents		455		114	
Trade receivables from subsidiaries		3		14	
Prepaid expenses		115		196	
<b>Total current assets</b>		<b>573</b>	<b>0.3%</b>	<b>324</b>	<b>0.2%</b>
Non-current financial assets - loans	3	118,466		113,484	
Investments in subsidiaries	2	75,431		75,431	
Intangible assets		–		–	
<b>Total non-current assets</b>		<b>193,897</b>	<b>99.7%</b>	<b>188,915</b>	<b>99.8%</b>
<b>Total assets</b>		<b>194,470</b>	<b>100.0%</b>	<b>189,239</b>	<b>100.0%</b>
<b>Liabilities and shareholders' equity</b>					
Current trade payables to non-Group entities		4		106	
Current trade payables to shareholders and governing bodies		297		262	
Accrued expenses		1,346		1,232	
Non-current interest-bearing liabilities	8	60,000		60,000	
<b>Total liabilities</b>		<b>61,647</b>	<b>31.7%</b>	<b>61,600</b>	<b>32.6%</b>
Capital stock	5	7,764		7,760	
Statutory capital reserve		1,093		8,434	
Statutory earnings reserve		4,967		4,967	
Retained earnings brought forward		104,955		89,323	
Net income for the year		14,044		17,156	
<b>Total retained earnings</b>		<b>118,999</b>		<b>106,479</b>	
<b>Total shareholders' equity</b>		<b>132,823</b>	<b>68.3%</b>	<b>127,639</b>	<b>67.4%</b>
<b>Total liabilities and shareholders' equity</b>		<b>194,470</b>	<b>100.0%</b>	<b>189,239</b>	<b>100.0%</b>

## 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, 2019 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.

### 1 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.

#### Non-current financial assets and investments in subsidiaries

Investments in subsidiaries are recognized at historical cost less necessary impairment; they are individually tested annually for impairment.

### 2 Investments in subsidiaries

Comet Holding AG directly held the following companies at December 31, 2019:

Company	Registered office	Currency	Capital stock	Equity interest in % *	
				2019	2018
Comet Holding AG	Flamatt, Switzerland	CHF	7,764,208	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.

### 3 Non-current financial assets – loans

Loans to subsidiaries were as follows:

In thousands of CHF	2019	2018
Comet AG	76,089	71,555
Comet Technologies USA, Inc.	20,209	22,153
Yxlon International GmbH	19,399	16,785
Yxlon International A/S	1,522	2,991
Yxlon International KK	1,247	–
<b>Total loans to subsidiaries</b>	<b>118,466</b>	<b>113,484</b>

### 4 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	36082699
ISIN	CH0360826991
Closing price at December 31, 2019	CHF 122.60
Market capitalization at December 31, 2019	CHF 952 million

Assorted data on the stock of Comet Holding AG is provided on page 32 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 in note 2, "Investments in subsidiaries".

#### Registered shareholders

At December 31, 2019, Comet Holding AG had 3,932 voting shareholders of record (i.e., voting shareholders registered in the share register; prior year: 5,121). Of the total issued registered stock, 100% (prior year: 100%) represented free float. Comet Holding AG held no treasury stock at December 31, 2019 (prior year: nil). The structure of share ownership size classes among the shareholders of record at December 31, 2019 was as follows:

Number of shares	Number of shareholders
1 to 1,000	3,558
1,001 to 10,000	325
10,001 to 50,000	38
50,001 to 100,000	7
More than 100,000	4

This analysis includes only the stock of shareholders who were registered in the share register. At December 31, 2019 the shares of unregistered owners amounted to 31% of the total (prior year: 27%).

### 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%, 33⅓%, 50% and 66⅔% 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, 2019 the Company, according to disclosure notifications, had the following significant shareholders (defined for this purpose as shareholders with 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	9.99%
Pictet Asset Management SA (Direction de Fonds)		5.07%
UBS Fund Management (Switzerland AG)		3.63%

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.

### Reportable changes during fiscal year 2019

In the fiscal year, three 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](http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html)

### Cross-shareholdings

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

## 5 Equity capital structure

### Capital stock

The capital stock at January 1, 2019 was CHF 7,759,882, divided into 7,759,882 registered shares with a par value of CHF 1.00 per share.

In fiscal year 2019 the capital stock was increased by 4,326 shares from the portion of authorized capital designated for equity-based compensation. Including the increase of 4,326 shares from this portion of authorized capital, Comet Holding AG at December 31, 2019 thus had a new total of CHF 7,764,208 of capital stock, divided into 7,764,208 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, 2019 the Board of Directors established that the capital increase from authorized capital for equity-based 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.

	2019		2018	
	Number of shares	Par value in CHF	Number of shares	Par value in CHF
January 1	7,759,882	7,759,882	7,753,658	7,753,658
Increase in capital from the portion of authorized capital designated for equity compensation	4,326	4,326	6,224	6,224
December 31	7,764,208	7,764,208	7,759,882	7,759,882

At the balance sheet date, Comet Holding AG held no treasury stock (prior year: nil).

### 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 2019, in accordance with the compensation plan, the members of the Board of Directors were granted a total of 1,679 shares of stock in payment of CHF 153,948 of fixed retainers due for fiscal year 2018. In addition, as part of their compensation for 2019, the members of the Board of Directors were granted a total of 835 shares in payment of CHF 76,561 of fixed retainers due for the period from January 1, 2019 to the 2019 Annual Shareholder Meeting. The fully paid shares were applied to the retainers due at a price of CHF 91.69 per share.

Members of the Executive Committee were granted a total of 1,812 shares in payment of CHF 166,142 of profit-sharing compensation due for fiscal year 2019. The fully paid shares were applied to the compensation due at a price of CHF 91.69 per share.

As a result of these grants of a total of 4,326 shares made in 2019, the Company's unissued authorized capital for equity-based compensation showed the following movement:

	2019		2018	
	Number of shares	Par value in CHF	Number of shares	Par value in CHF
January 1	203,238	203,238	209,462	209,462
Increase in capital (awards to Board of Directors for prior term's retainer and to Executive Committee for prior year's profit-sharing compensation)	(4,326)	(4,326)	(6,224)	(6,224)
December 31	198,912	198,912	203,238	203,238

At the end of the year, the remaining unissued authorized capital for equity-based compensation was CHF 198,912, or 2.6% of the existing capital stock.

#### **Authorized capital for other capital increases**

At December 31, 2019, in addition to shares outstanding and to unissued authorized capital for equity-based compensation, the Company had unissued authorized capital for purposes set out in section 3a of the By-laws (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 way of 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.

## 6 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 includes all persons who held positions on the Board of Directors or Executive Committee for all or part of the year under review, 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	
	2019	2018	4/20/2020	4/26/2021	4/26/2022		2019	2018
Hans Hess Chairman of the Board (until April 25, 2019)	<b>37,941</b>	37,222	543	489	719	36,190	<b>0.5%</b>	0.5%
Heinz Kundert Chairman of the Board (since April 25, 2019) / Chief Executive Officer (since June 21, 2019)	<b>3,564</b>	–	–	–	–	3,564	<b>0.0%</b>	–
Lucas A. Grolimund Vice Chairman and member of the Board (until April 25, 2019)	<b>10,224</b>	9,865	271	244	359	9,350	<b>0.1%</b>	0.1%
Rolf Huber Vice Chairman (since April 25, 2019) and member of the Board	<b>13,964</b>	13,605	271	244	359	13,090	<b>0.2%</b>	0.2%
Gian-Luca Bona Member of the Board	<b>6,024</b>	5,665	271	244	359	5,150	<b>0.1%</b>	0.1%
Mariel Hoch Member of the Board	<b>874</b>	515	271	244	359	–	<b>0.0%</b>	0.0%
Franz Richter Member of the Board	<b>874</b>	515	271	244	359	–	<b>0.0%</b>	0.0%
René Lenggenhager Chief Executive Officer (until June 21, 2019)	<b>6,452</b>	6,024	–	461	322	5,669	<b>0.1%</b>	0.1%
Markus Portmann Chief Financial Officer (until May 31, 2019)	<b>1,182</b>	2,943	709	357	116	–	<b>0.0%</b>	0.0%
Thomas Wenzel President of X-Ray Systems division (since December 1, 2018)	<b>73</b>	73	–	–	–	73	<b>0.0%</b>	0.0%
Michael Kammerer President of Plasma Control Technologies division	<b>1,469</b>	1,877	691	656	122	–	<b>0.0%</b>	0.0%
Stephan Haferl President of X-Ray Modules division (since January 1, 2018)	<b>277</b>	151	–	–	104	173	<b>0.0%</b>	0.0%
Eric Dubuis Chief Information Officer	<b>1,353</b>	1,170	504	279	90	480	<b>0.0%</b>	0.0%
Prisca Hafner CHRO (until June 21, 2019)	<b>100</b>	180	–	–	100	–	<b>0.0%</b>	0.0%

The Board members Patrick Jany and Christoph Kutter (who both joined the Board on April 25, 2019) and the 2019 interim CFO Beat Malacarne did not own stock of Comet Holding AG at December 31, 2019.



Each 10,000 registered shares of Comet Holding AG, of a par value of CHF 1.00 per share, represented 0.1288% of all voting power (prior year: 0.1289%). The members of the Board of Directors and Executive Committee held an aggregate total of 1.1% of voting rights (prior year: 1.1%). No material changes in ownership interests arose after the balance sheet date of December 31, 2019.

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**7 Options, conversion rights and treasury stock**

Comet Holding AG has not issued any conversion rights or stock options.

In fiscal year 2019 and the prior year, Comet Holding AG held no treasury stock.

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**8 Bond**

On April 20, 2016, Comet Holding AG issued a bond in the amount of CHF 60 million (denomination: CHF 5,000). The term of the bond is five years and it matures on April 20, 2021. The fixed coupon over the term is 1.875%, payable annually on April 20.

Listing: SIX Swiss Exchange (security number 32061943, ISIN number CH0320619437, ticker symbol COT16).

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**9 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 2019 and 2018 was less than 10.

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**11 Events after the balance sheet date**

On February 3, 2020, the subsidiary Comet Technologies Malaysia Sdn. Bhd. was founded in Penang, Malaysia. The company is wholly owned by Comet Holding AG. There have been no other events after the balance sheet date with a material effect on the amounts in the financial statements.

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**12 Release of the separate financial statements for publication**

The Board of Directors released these annual financial statements on March 12, 2020 for publication and will present them to shareholders for approval at the Annual Shareholder Meeting on April 23, 2020.

## Board of Directors' proposal for the appropriation of retained earnings

### 1 2019 retained earnings

In thousands of CHF	2019
Earnings brought forward	104,955
Net income for the year	14,044
<b>Retained earnings available for distribution</b>	<b>118,999</b>

### 2 Proposal for the appropriation of retained earnings

At the Annual Shareholder Meeting the Board of Directors will propose to pay a dividend of CHF 1.00 per share from retained earnings.

Provided this dividend is approved, it will result in the following movement in retained earnings:

In thousands of CHF	2019
<b>Retained earnings at December 31, 2019</b>	<b>118,999</b>
Dividend payment of CHF 1.00 per share	(7,764)
<b>Retained earnings carried forward</b>	<b>111,235</b>

Provided the proposal is approved, the dividend of CHF 1.00 per entitled share will be paid on April 29, 2020 with deduction of Swiss withholding tax.



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To the General Meeting of  
Comet Holding Ltd., Flamatt

Berne, 12 March 2020

## 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 99 to 106), for the year ended 31 December 2019.



### 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 2019 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

<b>Risk</b>	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. 40% resp. 60% 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.
<b>Our audit approach</b>	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

