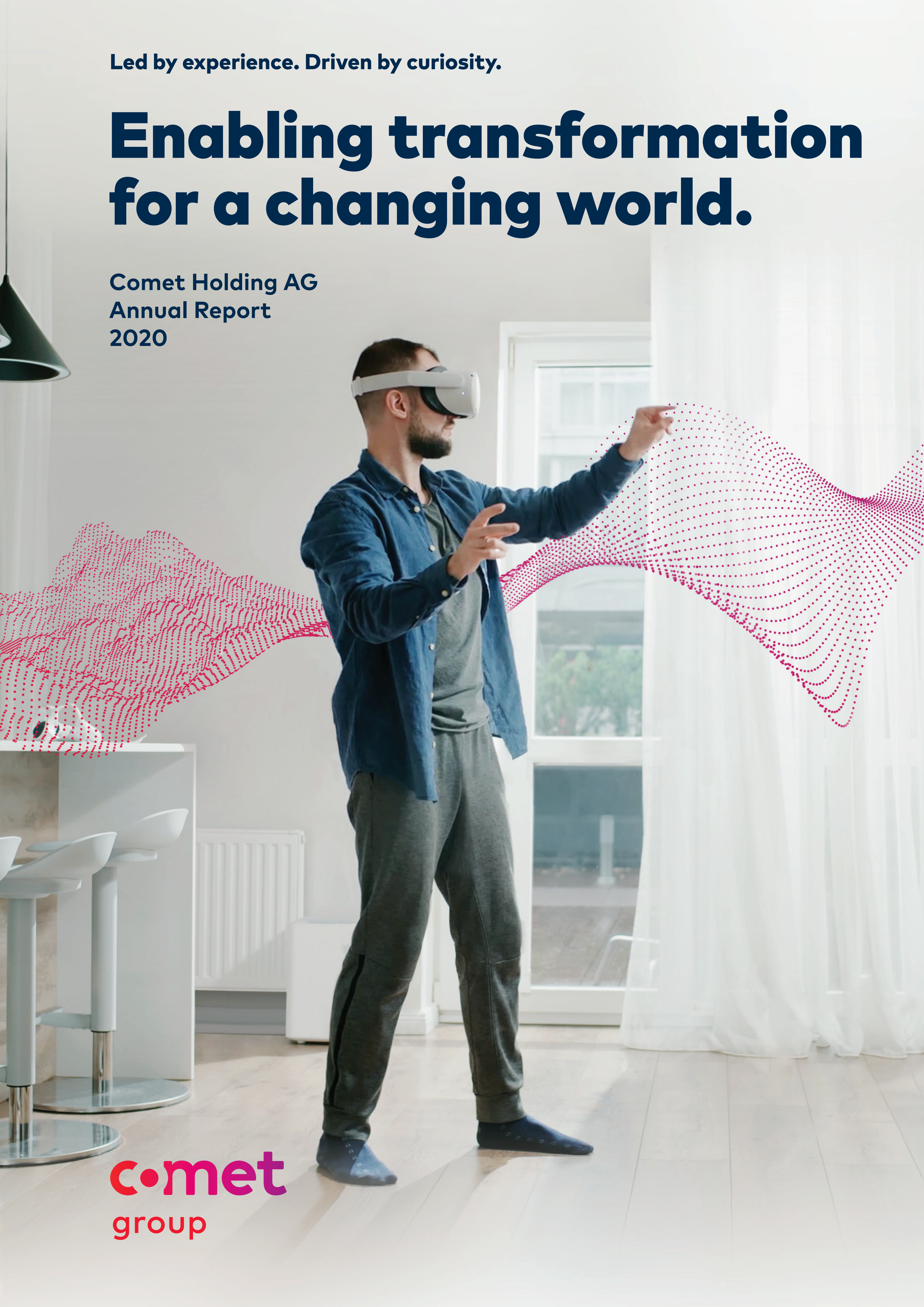

Led by experience. Driven by curiosity.

Enabling transformation for a changing world.

Comet Holding AG
Annual Report
2020

comet
group

As a leading technology company in the plasma control and x-ray space, we are part of the digital transformation. In all our markets, this megatrend is powering sustained growth. Focused and flexibly positioned, we want to take advantage of this driving force and grow more quickly than the market. Our strong underpinnings for this are our experience and our highly skilled employees, the confidence of our customers and our sound capital base.

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Statement of the Chairman and the CEO

Comet going strong in times of change.

“Overcoming the year’s coronavirus challenge, we made significant progress on all major fronts.”

Heinz Kundert
Chairman of the Board of Directors

2020 was a year of renewal for Comet.

The spreading pandemic meant that concern for one’s own and others’ health became a dominant issue for most people around the world. Measures to protect against Covid-19 changed the way we live, study, work, and shop.

Many activities abruptly shifted to the virtual space. People now had to rely on digital solutions like video conferencing to stay connected and work remotely.

The rapid “digitalization of everything” and the resulting increase in demand for semiconductor devices allowed Comet to participate in this transformation with its high-end products. Our top priorities were the health of our employees and on-time delivery to our customers. As a result, we were able to increase sales by 6.5% and boost the Group’s net income to CHF 27.7 million, exceeding our expectations.

We made significant progress in the implementation of our focus strategy initiated in 2019:

- By completing the sale of ebeam to Tetra Pak, we can now fully focus on Comet’s core plasma control systems and x-ray businesses
- Through the acquisition of the Canadian software developer ORS, we invested in capabilities for the digital future, including artificial intelligence and machine learning
- The product portfolio was expanded in all three divisions
- We increased our production capacity in Switzerland and Germany and strengthened our presence in Asia

"We want to make a growing contribution to a safer, more efficient and sustainable world."

Kevin Crofton
CEO of the Comet Group

All this occurred during an unprecedented time of change for our customers, our partners and ourselves.

We invested heavily in our team to further develop the Group's most precious resource, our people. More than 70 of our international managers and top talent completed a leadership program in partnership with the IMD business school in Switzerland. The goal was to become more outside-in oriented as a company, improve our speed of innovation and enhance our business processes and behaviors in order to raise our performance at all levels of leadership and in every business area.

Covid-19 will continue to test us in 2021. Yet we are confident we will master the multifaceted challenges it brings. We are grateful to have succeeded as a company in an extraordinarily demanding year and are excited about Comet's prospects for a continued successful, profitable and sustainable future. We are eager to take advantage of the business opportunities available to us in the age of the Internet of Things, artificial intelligence, the cloud, digital health, autonomous vehicles, 5G and more.

With our highly dedicated employees, we want to make a significant contribution to a safer, more efficient and more sustainable world. In doing so, we draw on Comet's more than 70 years of experience, our passion and our curiosity as we accelerate technological change for the global good.

We sincerely thank all our customers, employees, partners and investors for their continued commitment and trust in Comet.

Heinz Kundert, Chairman of the Board of Directors, Comet Group
Kevin Crofton, Chief Executive Officer, Comet Group

Expert view

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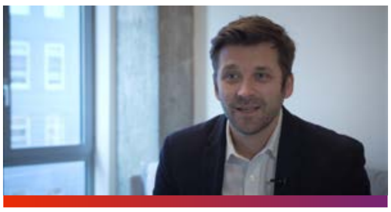

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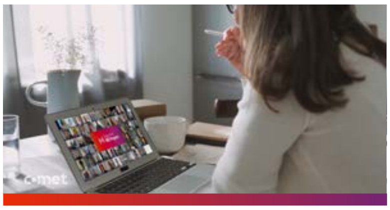

Learning together and achieving our full potential.

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Engaged for the next generation.

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Review of 2020

Comet results exceed expectations.

> **"Comet is moving forward an even stronger entity."**
>
> Kevin Crofton
> CEO of the Comet Group

In the year of the Covid-19 pandemic, the Comet Group proved robust and flexible. By rapidly deploying pre-emptive measures, we protected the health of our employees. We maintained the undiminished ability to serve our customers on time. The Group grew sales and significantly improved its operating income. We also made good headway in the implementation of our strategic initiatives.

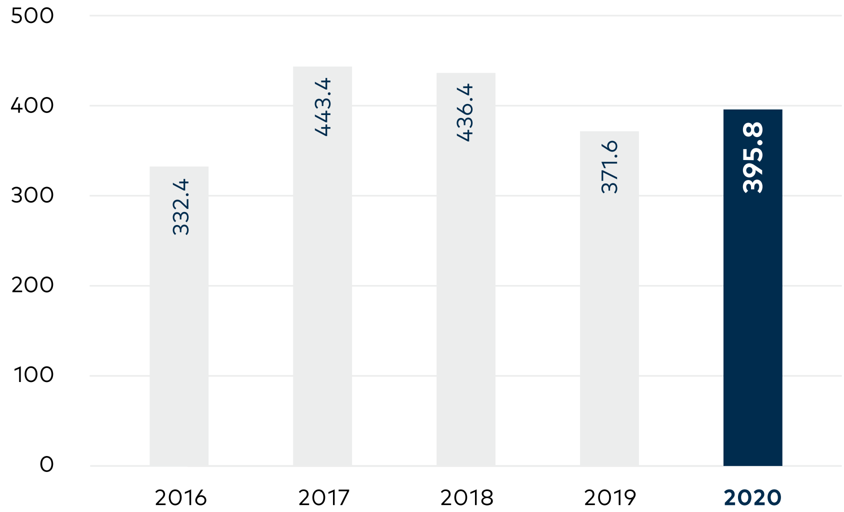
Net sales rose by 6.5% from the prior year to CHF 395.8 million. Thanks to the right cost discipline, Comet increased its EBITDA margin from 10.8% to 14.8%. Net income grew by 130.8% from CHF 12.0 million to CHF 27.7 million. Free cash flow also increased, from CHF 30.1 million to CHF 41.6 million, due in part to rigorous control of net working capital. Comet enjoys a sound financial position, with an equity ratio of 50.1% and net debt that was reduced from CHF 25 million to CHF 7.1 million. On this solid footing, and with the progress made in executing the strategic Boost initiatives, Comet is moving forward an even stronger entity.

Accelerated digitalization reflected in sales growth – Plasma Control business more than makes up for headwind faced in other markets

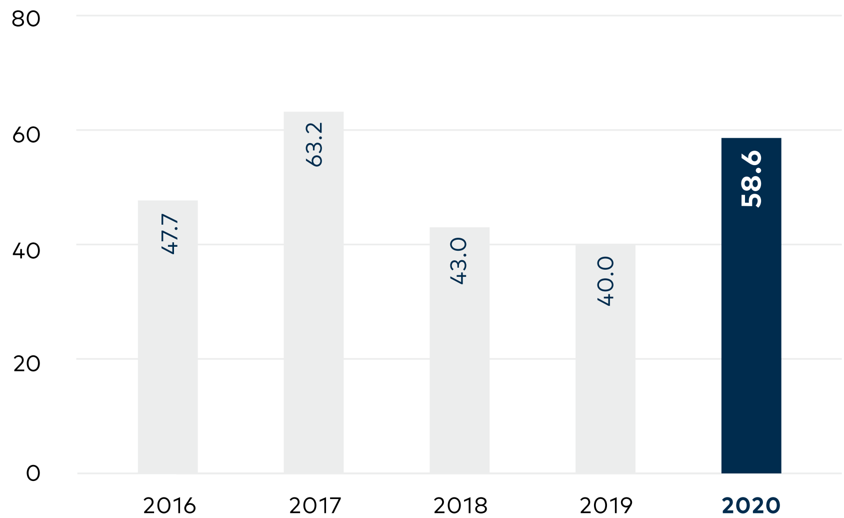
In 2020, the Group benefited from the vibrant strength of the semiconductor and electronics market. The pandemic accelerated an already robust demand for cloud services, video conferencing, gaming, 5G, and other tech solutions. This boosted demand for semiconductor chips and helped to offset the structural and pandemic-related slump in the automotive, aerospace and security sectors.

Reflecting these industry trends, the Plasma Control Technologies division contributed the largest share of the Group's sales of CHF 395.8 million. By realizing its opportunities in the semiconductor market, the division generated sales growth of 48.1% to CHF 224.7 million. The x-ray businesses, meanwhile, experienced clear adverse impacts of the pandemic. On the plus side, demand for non-destructive inspection solutions in the automotive, aerospace and security markets stabilized toward the end of 2020, and Comet also saw early commercial success with its new products launched in both the X-Ray Systems and X-Ray Modules business lines. Even with that stabilization, the market slump in the aerospace, automotive and security sectors hurt the performance of the two x-ray divisions. X-Ray Systems recorded a 23.5% decline in sales to CHF 106.4 million and X-Ray Modules' sales fell by 21.4% to CHF 61.4 million. In the ebeam business, the focus in 2020 was on its divestiture to Tetra Pak; sales were CHF 14.6 million.

Net sales in CHF million



EBITDA in CHF million



Profitability strengthened, net income doubled, positive economic profit

Management's consistent focus on cost control and efficiency gains has yielded results. Comet increased its EBITDA by 46.5% from CHF 40.0 million to CHF 58.6 million, an impressive performance in view of the difficult environment. The lion's share of the EBITDA gains came from Plasma Control Technologies (PCT). In line with the Boost initiatives, processes were streamlined, automated and made more efficient. With double-digit sales growth, the PCT division's operating earnings at EBITDA level more than tripled from CHF 15.4 million to CHF 49.3 million. As mentioned, the x-ray businesses had a more difficult year due to market conditions. Thanks to proactive cost-cutting measures, X-Ray Modules still achieved EBITDA of CHF 9.0 million, compared with CHF 21.7 million in the prior year. X-Ray Systems was harder hit by the effects of the pandemic. In response to the adverse market environment the X-Ray Systems business implemented prompt countermeasures. The division limited the EBITDA loss to CHF 1.0 million, following a profit of CHF 12.0 million in 2019. In order to improve profitability the division redirected its focus on most of its R&D efforts to accelerate its position in the semiconductor and electronics sector. The ebeam business closed with an EBITDA profit of CHF 3.3 million due to its sale, after a loss of CHF 6.2 million in the previous year.

The Comet Group's net income grew strongly from CHF 12.0 million to CHF 27.7 million, to which the sale of the ebeam business to Tetra Pak contributed CHF 3.5 million. Free cash flow also rose significantly, primarily due to effective accounts receivable management and higher prepayments from customers in the systems business; FCF increased from CHF 30.1 million to CHF 41.6 million. The cash flow from the sale of the ebeam business, which brought in CHF 7.5 million, was offset primarily by the cash outflow of CHF 8.4 million for the acquisition of the Canadian software developer ORS. Economic profit – the profit in excess of the 9% cost of capital – improved from the prior year's deficit of CHF 6.3 million to a positive CHF 11.3 million. ROCE rose to 13.6%.

Comet Group key consolidated financial results

In thousands of CHF	**2020**	2019	2018	2017	2016
Net sales	395,816	371,606	436,356	443,370	332,437
Operating income	39,329	19,939	18,771	50,737	36,473
In % of net sales	9.9%	5.4%	4.3%	11.4%	11.0%
EBITA	43,855	24,541	29,426	55,129	39,630
In % of net sales	11.1%	6.6%	6.7%	12.4%	11.9%
EBITDA	58,616	39,974	42,966	63,203	47,699
In % of net sales	14.8%	10.8%	9.8%	14.3%	14.3%
Net income	27,661	12,027	12,347	35,336	27,336
In % of net sales	7.0%	3.2%	2.8%	8.0%	8.2%
Operating cash flow[1]	57,045	48,688	27,727	38,353	33,179
In % of net sales	14.4%	13.1%	6.4%	8.7%	10.0%
Total assets	429,271	391,710	380,266	389,789	344,908
Shareholders' equity	214,956	195,948	198,292	201,548	176,345
In % of total assets	50.1%	50.0%	52.1%	51.7%	51.1%
Number of employees (year-end)					
Switzerland	474	494	509	535	438
International	929	836	837	900	792
Total	1,403	1,330	1,346	1,435	1,230

[1] Net cash provided by operating activities, as per consolidated statement of cash flows.

Strategy execution on track – Efficiency and growth initiatives under Boost program put into action

In 2020, Comet implemented its strategy to focus on its core markets (primarily semiconductor, automotive, aerospace and security), and core technologies (plasma control and x-ray). Thus, in November, it completed the sale of the ebeam business to Tetra Pak. In addition, Comet clearly repositioned the X-Ray Systems business in alignment with the prevailing market conditions in the automotive and aerospace sector, and streamlined the divisional cost structure. With the acquisition of Canadian software developer ORS, a leading provider of solutions for data analysis, artificial intelligence and machine learning, the Group expanded its competencies as an important prerequisite for a future digital service offering. Comet made progress on all three fronts of its Boost improvement program: Growth, Efficiency and Culture.

Successful product launches as drivers of future growth: Comet launched three new products in the x-ray business, which open up an additional served available market of CHF 120 million by 2025. These new products have already achieved rapid market adoption, and even repeat orders. In addition, successful field testing of the new radio frequency (RF) generator at customer sites is bringing initial sales in the USD 650 million generator market within reach for 2021.

Ready to go thanks to expanded production capacity and more flexible structures: Comet's PCT division rapidly ramped up production capacity to be able to meet the rising RF power product demand regardless of geopolitical shifts and market volatility. The new site in Malaysia was commissioned and certified within a year. In Aachen, Germany, Comet moved into a larger, state-of-the-art facility for the manufacturing of the new RF generator product line. In Flamatt, Switzerland, the company significantly increased productivity through lean measures in the IXM and PCT division. As a result, production capacity has increased by nearly 50%.

Expanded presence in Asia: With the opening of the new facility in Taiwan (in addition to the centers in the USA, Korea, Japan, China and Malaysia), Comet is now strategically located in all of the major global hotspots of the semiconductor and electronics industry. In addition, the demonstration center in Korea was expanded and provides advanced development services directly for customers throughout Asia, including China.

Comet expanded its global footprint and capacity

Strengthened culture and organization: Comet is on a journey of creating a high-performing company. Our long-term vision is to refine the framework of roles and responsibilities across businesses, functions and regions. In addition, in 2020, seventy promising talents throughout all levels of the organization were exposed to, and trained in the implementation of, the changes required by the Boost initiatives, as part of a joint program with IMD Lausanne – a journey that will continue in 2021.

Management team reinforced

Comet's realignment was initiated by Heinz Kundert as Chairman of the Board and interim Chief Executive Officer. In September 2020, he passed the CEO baton to Kevin Crofton, who has more than 30 years of leadership experience in the semiconductor industry. The management team was completed with the addition of Lisa Pataki as Chief Financial Officer in October and Keighley Peters as Chief Information Officer at the end of December. The succession process for the President of X-Ray Systems, Thomas Wenzel, who has decided to leave the company for personal reasons effective the end of April 2021, is well underway.

Dividend

At the Annual Shareholder Meeting on April 22, 2021, the Board of Directors will propose a dividend of CHF 1.30 per share (prior year: CHF 1.00). This represents a distribution of 37% of the Group's net income (prior year: 65%).

Plasma Control Technologies

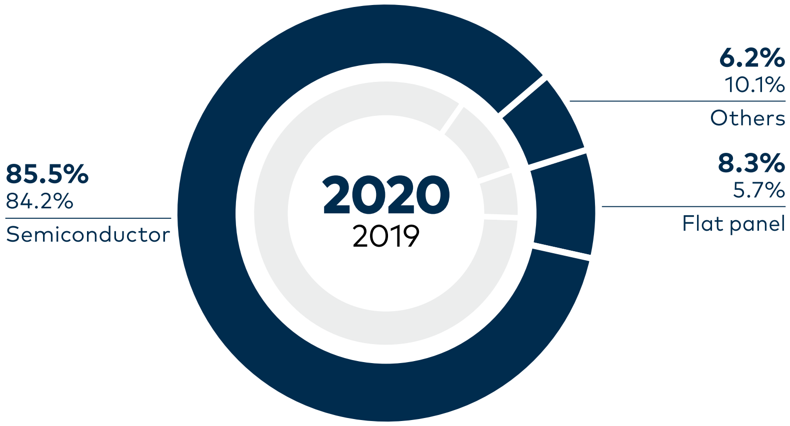
The upswing in the semiconductor industry, which began in the last quarter of 2019, gained momentum in 2020. The continuing digitalization in all areas of life was further accelerated by Covid-19. Rising demand for cloud services, video conferencing solutions, gaming, 5G and other technologies for the period of global lockdowns has further fueled demand for semiconductor chips. Despite pandemic-related restrictions on daily life and operations, the PCT division successfully fulfilled customer demand with no drop in quality or customer satisfaction.

The division made significant progress in implementing its focus strategy. The development of the new modular, flexible and high-precision radio frequency generator was driven forward at full speed. After extensive internal testing, the first prototypes were successfully tested at customer sites. Manufacturing capacity for the volume production of the innovative new product has been readied at the Aachen site.

Key financials of Plasma Control Technologies at a glance

CHFm	**2020**	2019
Net sales	224.7	151.7
EBITDA	49.3	15.4
EBITDA margin	22.0%	10.1%
Number of employees worldwide	679	544

Sales of Plasma Control Technologies division by market



An important step toward tapping the rapidly growing Asian semiconductor market was taken with the opening of a new production site in Penang, Malaysia in August. In addition to the proximity to customers in the Asian region, this move creates significant cost advantages for the division by using a highly skilled, yet cost-effective labor base and an optimized regionally based supply chain. The site is fully operational and qualified for production.

At the Flamatt site, vacuum capacitor production capacity was ramped up to meet the ongoing high demand. Capacity was expanded by nearly 50%. Production efficiency was increased by means of lean manufacturing and automation methods.

Buoyant demand, and PCT's strong market position, resulted in 48.1% higher sales of CHF 224.7 million compared to the previous year's CHF 151.7 million. An already good first six months with sales of CHF 96.9 million was followed by an even stronger second half with revenue of CHF 127.8 million. Even with the favorable market environment, PCT maintained its focus on cost and efficiency gains. Combined with the double-digit top-line growth, operating earnings at EBITDA level improved more than threefold to CHF 49.3 million (FY 2019: CHF 15.4 million). The EBITDA margin increased to 22.0% from 10.1% in the prior year.

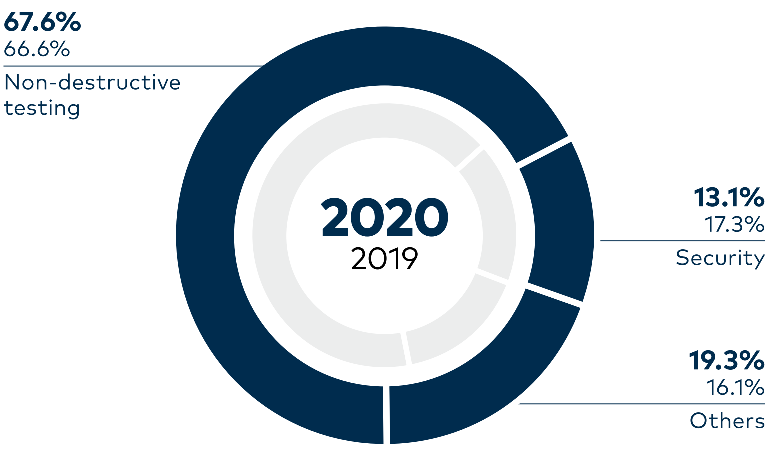
X-Ray Modules

Despite the difficult market environment, the X-Ray Modules Division (IXM) achieved a solid result in the reporting year. The division remained profitable while investing in and launching new products. The pandemic-related slump in important end markets for non-destructive testing and safety inspection (automotive, aerospace and oil & gas), however, could not be fully offset by cost-cutting and efficiency-enhancing measures.

Key financials of X-Ray Modules at a glance

CHFm	**2020**	2019
Net sales	61.4	78.1
EBITDA	9.0	21.7
EBITDA margin	14.6%	27.8%
Number of employees worldwide	293	279

Sales of X-Ray Modules division by market



Following a sharp decline in demand in the first half of the year, business stabilized in the second half, albeit at a lower absolute level. As in the sister X-Ray Systems division, new orders picked up in the latter half of the year. In this environment, IXM achieved annual sales of CHF 61.4 million (prior year: CHF 78.1 million), a decrease of 21.4% compared to 2019. The EBITDA operating result reached CHF 9.0 million (prior year: CHF 21.7 million), while the EBITDA margin was 14.6% (prior year: 27.8%).

IXM remained focused on its long-term strategy. The division used the downturn and continued to develop and launch new products on the market in anticipation of the next cyclical upswing. The new products launched in the last twelve months met with good uptake by the market. Both the ION modules introduced for security applications and the Mesofocus product line for high-resolution radiography tasks were very well received by customers. Thanks to these product launches, the division is well prepared for the next upturn.

The successful relocation of the microfocus tube business from Hamburg to Flamatt offers further potential for X-Ray Modules. The transfer provides IXM broader access to the market for high-resolution applications in the inspection of semiconductor and electronic components.

X-Ray Systems

At the beginning of the year, the X-Ray Systems division (IXS) seamlessly continued its improved performance of 2019. However, the structural downturn in the automotive market had already created headwinds when the pandemic at the end of the first quarter of 2020 exacerbated the situation in the automotive and aviation industries. The division rapidly introduced a series of aggressive countermeasures, including cost reductions, short-time working, virtual installation of systems, and discontinuation of customized products. In the second half of the year, business stabilized at a low absolute level, and the stringent measures have sized the business to be successful on a go-forward basis.

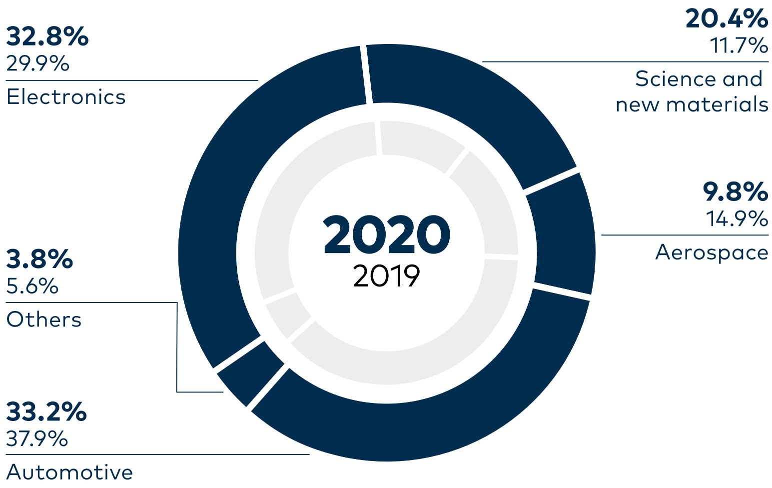
Overall, the challenging market environment led to a decline in sales of 23.5% to CHF 106.8 million (prior year: CHF 139.6 million). Profitability at EBITDA level decreased to a deficit of CHF 1.0 million, compared to a CHF 12.0 million profit in the prior year. The EBITDA margin amounted to –0.9% (prior year: 8.6%).

In order to improve profitability IXS redirected its focus and most of its R&D efforts to accelerate its position in the semiconductor and electronics sectors. The product portfolio was streamlined toward these growth markets and geared to high-volume end markets. The standardization effort included a reduction in the number of software platforms. UX20, a new system for the inspection of medium to large castings, was introduced on the market. The division also brought out more advanced versions of systems for the inspection of larger and heavier electronic components.

Key financials of X-Ray Systems at a glance

CHFm	**2020**	2019
Net sales	106.8	139.6
EBITDA	(1.0)	12.0
EBITDA margin	– 0.9%	8.6%
Number of employees worldwide	431	439

Sales of X-Ray Systems division by market



An important milestone was the acquisition of the Canadian software developer Object Research Systems (ORS), which supports the strategic realignment strategy to implement advanced image analytics for the semiconductor/electronics and automotive space. ORS's outstanding expertise in artificial intelligence (AI) and machine learning/deep learning (ML/DL) will allow the division to offer its customers new capabilities in assessing their production processes and ultimately improving yield.

ebeam Technologies

At the beginning of November 2020, the Comet Group signed an agreement with long-time development partner Tetra Pak for the sale of the ebeam lamp business. The service business for ebeam lamps/components delivered in the past, which was not acquired by Tetra Pak, was turned over to SKAN Schweiz AG. These transactions marked a milestone in the implementation of the focus strategy communicated in August 2019. The deal with Tetra Pak closed at the end of November.

Under the terms of the agreement, Tetra Pak eBeam Systems SA acquired the rights to the ebeam technology as well as the resources to develop and manufacture the ebeam lamps. Following the purchase, Tetra Pak is retaining 28 existing employees, almost the division's entire staff. The ebeam lamps will continue to be produced in the existing manufacturing space in Flamatt, based on a lease agreement between Comet and Tetra Pak.

The ebeam Technologies division, which was dissolved at January 1, 2021, closed the year with EBITDA of CHF 3.3 million (prior year: CHF 6.2 million loss) on sales of CHF 14.6 million (prior year: CHF 15.5 million). EBITDA of CHF 3.3 million includes a one-time gain of CHF 4.0 million from the divestiture to Tetra Pak (for details, see page 71).

Key financials of ebeam Technologies at a glance

CHFm	**2020**	2019
Net sales	14.6	15.5
EBITDA	3.3	(6.2)
EBITDA margin	22.9%	– 39.8%
Number of employees worldwide	–	68

Information for investors

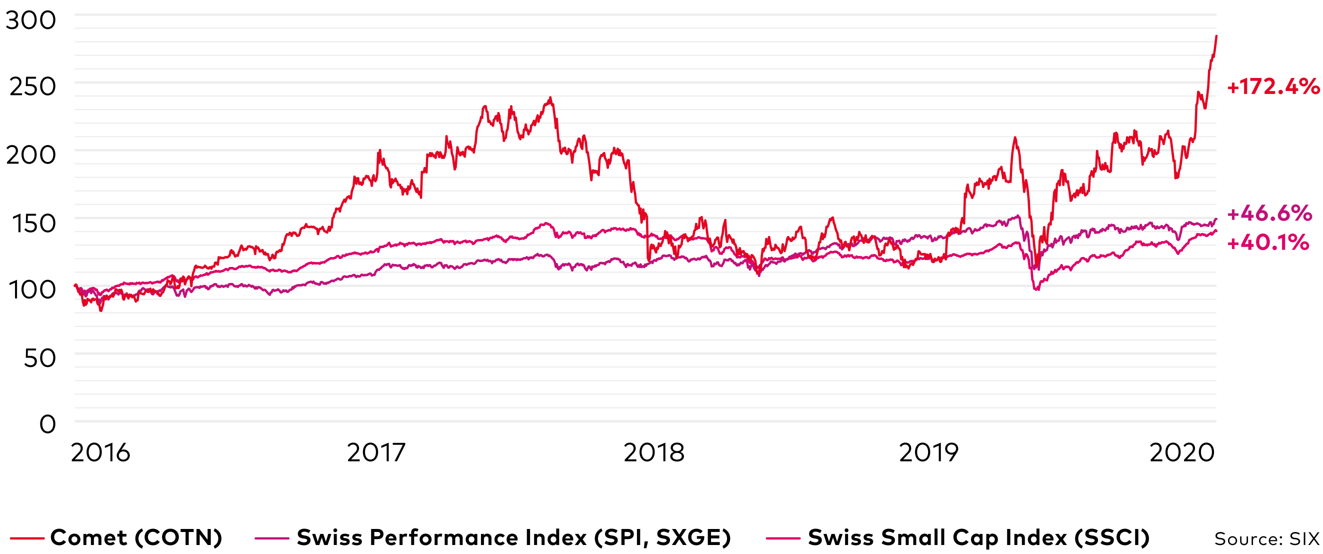
		2020	2019	2018	2017	2016
Capital stock	CHF	7,767,887	7,764,208	7,759,882	7,753,658	7,745,430
Number of shares (Dec. 31)		7,767,887	7,764,208	7,759,882	7,753,658	7,745,430
Weighted average number of shares outstanding		7,766,108	7,762,845	7,757,904	7,750,232	7,742,190
Stock price						
High for the year (Dec. 30, 2020)	CHF	198.20	127.00	168.90	165.40	100.7
Low for the year (Mar. 19, 2020)	CHF	71.30	76.90	74.45	95.40	56.2
Year-end (Dec. 31)	CHF	198.20	122.60	79.75	153.40	100.5
Earnings per share	CHF	3.56	1.55	1.59	4.56	3.53
Distribution per share[1]	CHF	1.30	1.00	1.20	1.50	1.20
P/E ratio (at year-end price)		56	79	50	34	28
Distribution yield (at year-end price)	%	0.7%	0.8%	1.5%	1.0%	1.2%
Equity per share[2]	CHF	27.7	25.2	25.6	26.0	22.8
Market capitalization (Dec. 31)	CHFm	1,539.6	951.9	618.9	1,189.4	778.4

[1] 2020: Proposal by the Board of Directors.

[2] Shareholders' equity divided by the weighted average number of shares outstanding.

Comet stock price

January 1, 2016 = 100, prices indexed



Source: SIX

Strategy reaffirmed

Comet technologies gain additional relevance.

In recent years Comet has developed into an important partner for customers in the semiconductor and electronics industry. This market has become an even greater focus for us as a result of the Covid-19 pandemic, which has given additional impetus to the digitalization of industry and society. In 2020, Comet made big strides in the execution of its focus strategy set out in late 2019. As a preferred partner to OEMs in the semiconductor and electronics market, we are even better positioned to grow with our customers in these attractive sectors.

Growing digitalization and artificial intelligence as drivers, with pandemic accelerating transformation

Our world is becoming increasingly interconnected. Artificial intelligence (AI) is making its way into our daily lives. Already today, we receive recommendations generated by algorithms about which product or film might interest us on online platforms, or suggesting the best route for our car trip. Companies are stepping up their use of AI and have even begun to employ it to write software programs. The global Covid-19 pandemic accelerated the demand for different uses of technology. More than ever, technology has become the vehicle for staying connected with nearby and faraway relatives, colleagues or customers, for installing products virtually and for shopping online or finding distraction in online gaming and video streaming. All this has led to a vast increase in the amount of data exchanged and processed, a further rise in demand for computing power, and an expansion of data infrastructure.

Comet technology enables critical processes

Semiconductor chips and sensors are the key building blocks of this digital world. And in their manufacture, Comet's technologies play a critical role. The rapid penetration of digitalization therefore offers us great growth opportunities in our two core technologies of plasma control and x-ray: What both do for customers is to ensure the efficiency, quality and reliability of highly complex manufacturing steps in the respective applications.

The further advancement of computer chips, which for decades progressed in line with Moore's Law (according to which the complexity of integrated circuits regularly doubles with minimum component costs), is reaching its physical limits. Conventional general-purpose processors are increasingly being replaced by application-specific chips. The market demands faster processors and shorter development times. The fabrication of high-performance microchips requires even more precise, reliable and stable processes, which Comet's plasma control technology helps our customers provide. This trend is reflected in rising demand for plasma-technology-based equipment in wafer fabrication plants, in line with the growing production of 3D structures (3D NAND and Fin-

FET). In addition, there is a growing need for integrated, software-based solutions that allow the manufacturing of microchips to be continuously improved and accelerated. Comet addresses this very potential. As the global market leader in vacuum capacitors and radio frequency (RF) matching networks, we already enjoy a good market position. By strengthening our product portfolio, we aim to continue to provide semiconductor equipment manufacturers and chipmakers with cutting-edge technologies to solve their growing challenges, and to expand our market – a market worth about USD 62.8 billion that, according to analysts, is growing at an average of about 6% a year. Comet intends to participate in this growth through, among other innovations, the radio frequency generator, which is currently in testing by customers and supports data-driven process analysis.

For the Group’s x-ray businesses as well, the trends in the semiconductor and electronics market hold high potential: Electronics firms are increasingly automating the production of critical components, building them additively, making them smaller and with ever less material. Individual “chiplets” are combined into high-performance multi-chip modules. Their inspection is demanding and requires the increased use of x-ray technology. As well, to safeguard the quality and safety of their products, manufacturers throughout traditional industries are placing growing emphasis on high-volume series testing and the automated improvement of their processes.

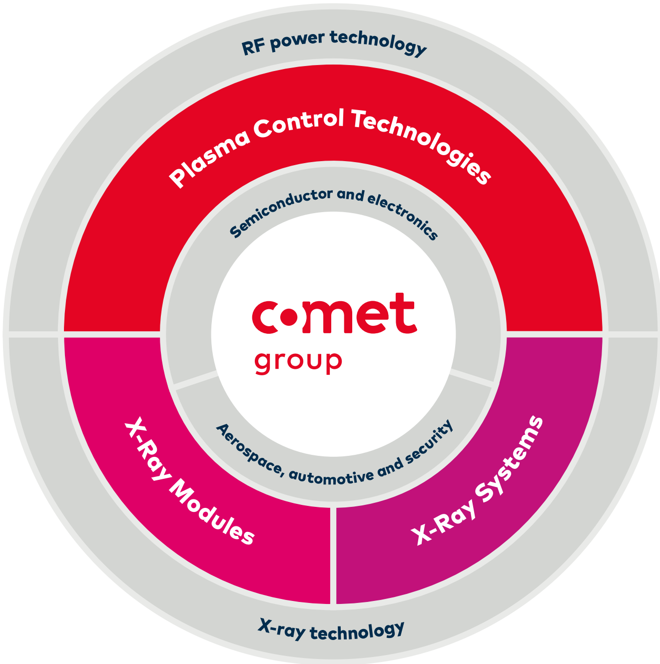
Data analysis and the development of new digital services are therefore gaining importance for Comet. As the market leader in high-performance x-ray tubes and one of the top vendors for 3D inspection of electronic components, we are very well positioned with our two x-ray divisions. We reached a milestone in our strategy implementation in 2020 with the acquisition of Canadian software manufacturer Object Research Systems (ORS), which brings crucial know-how and analysis tools for the development of future digital services. Also in 2020, with the newly launched MesoFocus x-ray tubes, Comet’s module business broke new ground by entering the semiconductor and electronics market, which is to become the division’s largest served market by the end of 2025.

Focus strategy confirmed, execution on track

By focusing on plasma control and x-ray technology, we defined in 2019 how we intend to exploit the significant potential of the digital world. Under the leadership of CEO Kevin Crofton, this strategy has been confirmed and tactically refined. The Comet Group will concentrate on its established technology segments of plasma control and x-ray, and thus on the three divisions Plasma Control Technologies, X-Ray Modules and X-Ray Systems. Having divested the ebeam business to Tetra Pak in 2020, we can now fully focus our resources on our core businesses.

The Comet Group

2 core technologies, 3 businesses, 4 markets, with the primary focus on semiconductor & electronics



Plasma Control Technologies
Radio frequency - components and systems solutions for plasma applications

Technology
Radio frequency (RF) power

Product
Systems solutions to provide RF technology, consisting of:

- Impedance matching networks
- RF generators
- Vacuum capacitors

X-Ray Modules
Powerhouse for x-ray components and modules

Technology
X-ray

Products
- Stationary and portable x-ray modules and components
- X-ray tubes
- High-voltage generators

X-Ray Systems
Manufacturing partner for the Industry 4.0 environment

Technology
X-ray

Products
- X-ray and computed tomography inspection systems
- Software
- Customized services based on machine learning and artificial intelligence

Four core markets, with semiconductor & electronics the primary focus

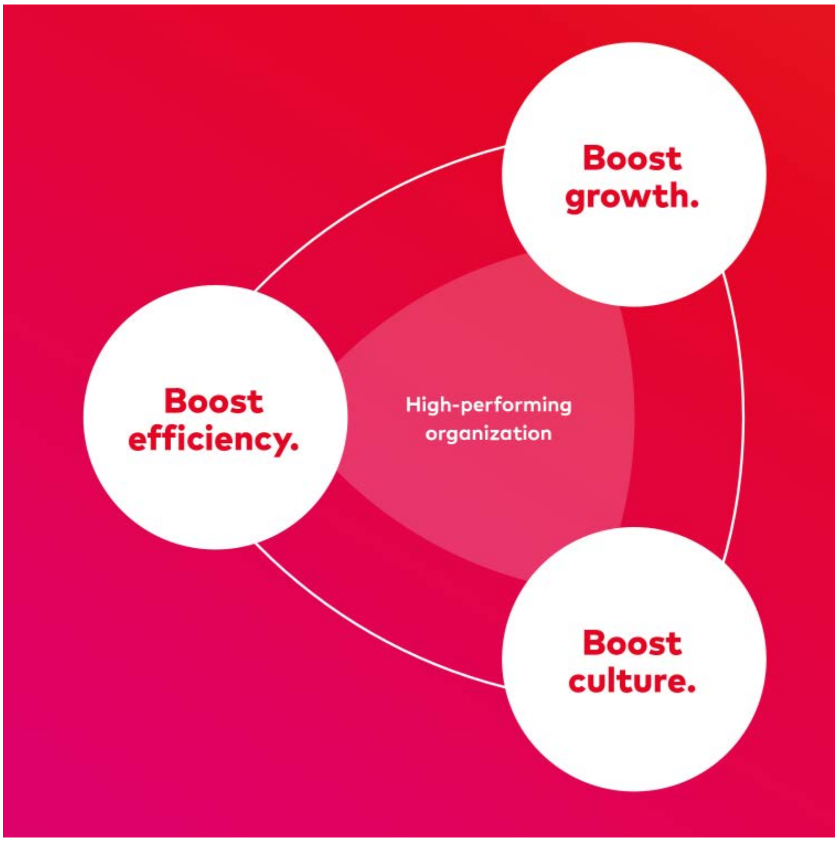
In market terms, Comet remains committed to the four major core markets with strong long-term growth: first and foremost, the semiconductor and electronics sector, which offers great potential for both the plasma control and x-ray businesses. We also remain dedicated to serving the aerospace, automotive and security markets.

The semiconductor and electronics industry is Comet's key market. Amid the accelerated pace of digitalization, this focus took on even greater significance in 2020. Going forward, we expect to generate up to 70% of our sales from this sector.

In addition, we continue to see attractive long-term potential to use our technology in the aerospace, automotive and security inspection markets. It is true that these "traditional" industries experienced a dramatic decline in sales in 2020 due to the pandemic and structural weakness. However, in the medium and long term, Comet identifies clear opportunities in these markets. Further, these industries are currently undergoing strong adoption of digitalization. They are expected to account for approximately 30% of the Group's sales in 2025. At the end of the year, an improvement in the auto sector was already noticeable in China, the world's largest automotive market. Globally, industry experts predict a significant rally in demand for fleet vehicles over the course of 2021 thanks to catch-up effects. As well, given the heightened awareness of climate change, it appears likely that companies and consumers will increasingly switch to electric transport. The situation is quite similar in the aerospace and security inspection sectors. As soon as enough of the population is vaccinated against Covid-19, a gradual recovery in travel and thus in business can be expected.

A more high-performing organization through Boost

Comet aspires to become a high-performing, more flexible, faster company. Our ambition is to become a highly profitable CHF 1 billion company with clear share leadership in each of our served markets. To achieve this position, we must pool internal resources and strengthen the organization. For this purpose, in 2019, Comet launched the Boost improvement program, with the involvement of all staff. Despite Covid-19, Comet made important progress on the key thrusts of these initiatives. Under the CEO, Kevin Crofton, the three pillars "Boost growth", "Boost efficiency" and "Boost culture" were reaffirmed.



Boost growth.

Product portfolio: The expansion of the product and service portfolio remains a central priority for Comet. Following the successful launch of new growth drivers such as UX 20, ION and Mesofocus, the focus is now on the vigorous marketing of these innovative products. After performing well in field tests in 2020, the new RF generator is in the beta testing phase and preparations have begun for the market launch with Tier 1 and Tier 2 customers. In addition, having acquired the Canadian software manufacturer ORS, we are focusing our efforts on the development of new digital services that help customers to increase their productivity.

Presence in Asia: A core task remains the further expansion in Asia. Already, more than 70% of the world's RF power and x-ray products for the semiconductor industry are deployed in this high-growth region. In addition to the recently opened manufacturing site in Malaysia, we established and began to leverage the new sales, service and demonstration site in Taiwan and strengthen customer relationships in the area.

Boost efficiency.

Processes: In the wake of the substantial 2020 expansion of production capacity in Malaysia, Flamatt and Aachen, Comet's top objectives are the continuous optimization of the supply chain at the global and local level, the elimination of duplications and unnecessary costs, the further automation of processes, the standardization of products and the implementation of lean measures.

Organization: Based on the organizational model honed in 2020, Comet will continue to work to further the concerted interplay between functions and regions worldwide in the spirit of business excellence.

Boost corporate culture.

Learning, developing, and empowering are central themes for Comet, especially when it comes to improved collaboration, customer focus, and speed. After very positive results from the leadership training begun in 2020 for 70 young talents and managers, the next round takes place in 2021. The program, delivered in partnership with the IMD business school in Lausanne, is being continued with further content and extended to all levels of management. Important benefits will include the dissemination of shared values and behaviors, in addition to the continuous and systematic identification and development of junior talent.

Comet technologies for a sustainable future

With Comet's technologies, we are already ensuring that ever more powerful building blocks of the digital and analog world can be manufactured efficiently and in resource-saving ways. Our aim is to make a growing contribution to a safer, more efficient and more sustainable world of production, communication and mobility. We live in a globally networked society and see ourselves as part of a planet-wide community. To more systematically measure and improve our bottom line in environmental, social and governance terms, Comet has launched an ESG initiative in early 2021.

Our strategic initiatives

Plasma Control Technologies

Growing stronger.
Increase sales volume with existing customers, add new applications and heighten flexibility

Initiatives

Boost growth.
Expand product portfolio

- Launch new RF generators
- Vacuum capacitors with high power density
- Intensify key account management
- Win new tier 2 customers
- Strengthen presence in Asia

Boost efficiency.
- Penang as strategic production site, and allowing capacity expansion for RF matching networks
- Best-cost supply chain management through the new site in Malaysia
- Increase efficiency and flexibility of functional departments

X-Ray Modules

Exploiting potential.
Expand the product portfolio to tap new, adjacent market segments

Initiatives

Boost growth.
- Enter the semiconductor & electronics inspection market
- Expand the components and modules portfolio with a focus on the core markets of automotive and aerospace as well as semiconductor & electronics inspection
- New x-ray tubes and high-voltage generator platforms for even more flexibility in designing the offering

Boost efficiency.
- Best-cost supply chain management through the new site in Malaysia
- Operational and business excellence through digitalization and more systematic application of lean approaches

X-Ray Systems

Focusing.
Focus on volume markets, standardized systems, and expansion of services that are based on artificial intelligence and machine/deep learning

Initiatives

Boost growth.
- Expand sales in the growth market of semiconductor & electronics (new sales office in Taiwan) and the volume markets of automotive and aerospace
- Expand digital services based on additional know-how after the acquisition of ORS, with a focus on in-line solutions for 24/7 uptime and on service excellence

Boost efficiency.
Standardize product hardware and software:

- 15 standardized products instead of eight
- One product software platform instead of six
- Accelerated exit from one-off customized solutions through focus on product tailoring & integration

What we care about

Making the future, better

As a trailblazing, leading tech company in radio frequency power and x-ray technology, we make a growing contribution to a safer and more secure, more efficient and sustainable world of manufacturing, communication and mobility.

For our customers in the semiconductor & electronics, automotive, aerospace and security industries, we add value with innovative products and data-based services. Realigned, we are on our way to a digital future where we rapidly and reliably deliver what customers need and enable the wise use of limited resources.

What we stand for.

We firmly believe that innovation, in a world of finite resources, makes all our lives better. That is why we work hard with our customers to find solutions that provide sustainable progress and improve safety, security and quality of life for us all.

We want to be the high-tech company of choice for all those who actively shape the future. With our leading-edge technologies, we want to be the go-to partner for the most innovative companies in our markets. We want to be the preferred employer for those who like to get involved, make a difference and explore new territory. We want to be known for solutions and services that deliver high value-added and sustainable progress. We want to achieve strong and profitable growth and generate lasting value for all our stakeholders. As we pursue these aims, we are guided by our long experience and impelled by a keen spirit of discovery and innovation.

Led by experience. Driven by curiosity.

Trends – Expert view

Removing resistance to digitalization.

Watch the video

For Michael Wade, writer, teacher and "researcher in all things digital", as he likes to introduce himself, the Covid-19 pandemic also brought positive aspects. With his team he continually collects a myriad of data on digital transformation projects around the world, and has naturally been exploring the effects of the pandemic.

Michael and his team track the pandemic's impacts. "The results of the research are quite clear," he says: There has been a significant acceleration of the digital transformation organizations during the pandemic. By forcing people to work from home, the pandemic removed a major barrier to digital transformation.

"People all of a sudden saw the potential that digital tools and technologies could bring to how they lived and worked, and that unblocked a lot of the digital transformation resistance that existed before."

"People realized that you could actually be quite effective and efficient away from the office. That's opened a number of avenues for further transformation." This led to the widespread adoption of several technologies that have been around for years, including videoconferencing in the cloud – initiatives that are often an organization's first foray into digital transformation.

Wade is also seeing high interest in nascent technologies such as augmented reality, blockchain and artificial intelligence (AI). "If I were to pick one that might have the largest impact, it would be AI, because it can impact almost anything an organization does," he says, "but we are not at the point of AI's full maturity yet. The opportunities and possibilities it brings will only become clear in the next several years."

About Michael Wade
Michael Wade, a professor of innovation and strategy at the IMD business school in Lausanne, Switzerland, specializes in digital transformation – organizational change through the use of digital tools, technologies and business models designed to improve performance.

“People all of a sudden saw the potential that digital tools and technologies could bring to how they lived and worked.”

The pandemic’s winners and losers

Wade has written extensively on the topic of not just surviving, but thriving during periods of major change – such as a pandemic. He believes there are three types of companies:

- The winners: in this case, e-commerce, drug development, and videoconferencing companies, for example, which are growing their businesses in the face of the pandemic.
- The losers: airlines and hotels, for instance, which are focused solely on survival.
- And everyone else in the middle.

“A key piece of whether we come out on the winner or the loser side is trying to think differently and more innovatively.”

For that last group, says Wade, “the actions that we take today are going to significantly impact whether we come out on the winner side or on the loser side. And I think a key piece of that is trying to think differently and more innovatively.”

Wade and team have collected data suggesting that at the beginning of the pandemic – in March and April 2020 – the companies who performed the best were the ones focused on business continuity and cost containment. But by the summer, the dynamic had changed, and organizations focused on innovation were the top performers.

A great example of this shift is Airbnb. Early in 2020, Airbnb was thriving, but once the pandemic hit, the company suffered $ 1 billion in cancellations in just a few weeks. By focusing on local travel and longer-term stays, offering customers a place to ride out the quarantine or to work, the company lessened the impact of the pandemic.

“It’s really hard to change your mindset in a crisis," says Wade. “The focus becomes short-term because you have to survive.” The companies that have managed to do it have carefully considered their competencies, and then thought creatively about where they could use those capabilities to do something new.

High expectations for digital transformation in 2021

Prior to the pandemic, data collected by Wade and his colleagues demonstrated that up to 87 percent of digital transformation projects failed to reach their objectives. He expects to see an improvement in that rate in 2021. “I have a positive outlook for digital transformation in

2021, because I think the pandemic removed much of the resistance that has plagued these efforts in the past," he said, "and also due to the increased maturity that organizations built during the pandemic around digital."

How Comet is enabling transformation.

More room for growth.

Read more

Exploiting the full potential of data: Mission launched.

Read more

More room for growth.

In 2020, the Comet Group expanded capacity at several locations to be able to meet future demand worldwide even more reliably and quickly.

The current footprint with production facilities in the USA, Europe and Asia allows us to provide continuity regardless of geopolitical trends and to react flexibly to changing conditions.

Now leaner, more efficient, and faster in Flamatt

For Philippe Nussbaum, Director of Operations for Plasma Control Technologies in Flamatt, 2020 was a whirlwind of activity. The upturn in the semiconductor industry, already noticeable at the end of 2019, was turbocharged by the accelerated digitalization during the Covid-19 pandemic, resulting in production growth of up to 100% in a single quarter in Flamatt.

"Being ready to deliver is the name of the game at a time like this."

Philippe Nussbaum
Director of Operations, Plasma Control Technologies, Flamatt

"Being ready to deliver and able to respond to customer demand efficiently and satisfactorily is the name of the game at a time like this," says Philippe Nussbaum, Director of Operations, Plasma Control Technologies, Flamatt.

Despite more difficult working conditions as a result of Covid-19 measures, his team was able to achieve a substantial performance increase in vacuum capacitor production in 2020 by introducing new lean manufacturing processes. "Capacity has been doubled, production lead time halved and efficiency increased by 12%."

The long-term trend of increasing digitalization in all areas of life is generating more and more data that needs to be stored. For this reason, Philippe Nussbaum, too, is convinced that demand in the semiconductor and electronics sector will continue to accelerate in the coming years. "The most important thing is to be prepared. Our action plans for changing demand forecasts are already in place."

State-of-the-art manufacturing facility for generators in Aachen

The countdown is on: After successful initial prototype tests with a selected customer, and with internal plasma tests completed, the new RF generators will enter full beta testing in 2021. After that, it will not be long before the market launch. Thanks to the recent move within Germany from Stolberg to the new location in Aachen, Comet is well prepared for this moment. The new site offers room for growth, and above all for the development and production of the new RF generators. Capacity for this was more than doubled.

"It's impressive how much flexibility we have gained through real-time data acquisition."

Markus Löhrer
Director of Operations, Aachen

The new production line was custom-developed to Comet's requirements and is equipped with very advanced technology. The design of the workstations follows the latest ergonomic and work physiology principles.

The manufacturing processes are now data-driven. "It's impressive how much flexibility we have gained through real-time data acquisition, because now we know at all times where we stand in the production process," explains Markus Löhrer, Director of Operations in Aachen. Since the system always knows exactly which components are needed for the specific configuration of a given generator, inventory management has also become much easier.

Like other Comet manufacturing sites, the Aachen plant uses robotics to increase efficiency. For example, testing of the RF generators is completely automated.

Ready for production in Penang

Penang, Malaysia, is the new manufacturing hotspot of the semiconductor industry. Our new local subsidiary here puts us where our customers are, in close touch with the latest trends and developments.

"The manufacturing site in Penang is ready for volume production, with great people on board," says the project manager, Stephan Runge, Vice President of Global Operations. The new production facility in Penang was completed in record time.

Even the new challenges brought by Covid-19 could not hold the team back. Whenever possible, preparations that normally would have taken place on site were handled virtually instead. "Our global team of experts made it happen. In my career, I have never been on a project in which a global team worked with so much motivation and purpose," comments Runge.

The infrastructure has been leased from an established local partner. Local management and experts have been hired. Already, Comet Technologies Malaysia has more than 40 employees.

"It has been very exciting to work in this extremely collaborative team."

Chai Huat Yeoh
General Manager, Malaysia

"It has been very exciting to work in this extremely collaborative team. All of us – whether from the Flamatt headquarters, from San José, Shanghai, or the local team – shared the same goal of making this project in Penang a success," says Chai Huat Yeoh, interim General Manager, Penang, Malaysia.

After just a few months, the Plasma Control Technologies division was able to set up the first assembly and testing systems in the new production space. The first RF matching networks were assembled on the production lines and released for manufacturing use in August 2020. Since the beginning of 2021, our manufacturing facility in Malaysia is also officially certified by our customers and is ramping to high volume production.

Exploiting the full potential of data: Mission launched.

The future of the x-ray business is in digital data. In addition to the x-ray data itself, we have more and more data sources available to us. Our challenge is to effectively use this data to add value for our customers.

The biggest potential lies in the so-called data post-processing. This is where valuable information is extracted for customers from the data captured by x-ray techniques. Only with special skills in data analysis and evaluation can this treasure trove of data be turned into actionable information.

An important strategic step for Comet was therefore the acquisition of the Canadian software company Object Research Systems (ORS) at the end of last year. ORS offers precisely these special post-processing capabilities, thus complementing our existing artificial intelligence expertise.

"The Data Science & Technology team in Hamburg has been in place for several years now. Our strength is in understanding customers' applications and providing automated defect recognition through evaluation of the image data. ORS's strength lies in implementing data science solutions, which can be based on machine learning, for example – a great fit in competencies," says Christian Driller, Vice President of R&D, X-Ray Systems.

The existing team at X-Ray Systems has been developing easy-to-use, automated operating controls for x-ray systems for a long time and knows the needs of customers in the automotive, aerospace and electronics industries better than almost anyone else. The data analytics experts at ORS specialize in 3D visualization and image analysis, which is reflected in the success of their flagship Dragonfly product. The fruits of the first collaborative effort will soon emerge in the form of a "guided workflow" in the electronics sector.

"When I watch our data science experts in Montreal and in Hamburg starting to interact with each other, I know we have high potential as a team. But first, it's time to bring everybody closer together and make it fun to collaborate. Then, the combined innovative minds we have gathered will create and accomplish things that far exceed our expectations."

"When I watch our data science experts in Montreal and in Hamburg starting to interact with each other, I know we have high potential as a team."

Christian Driller
Vice President of R&D, X-Ray Systems

Raising productivity: Predicting product characteristics and process faults

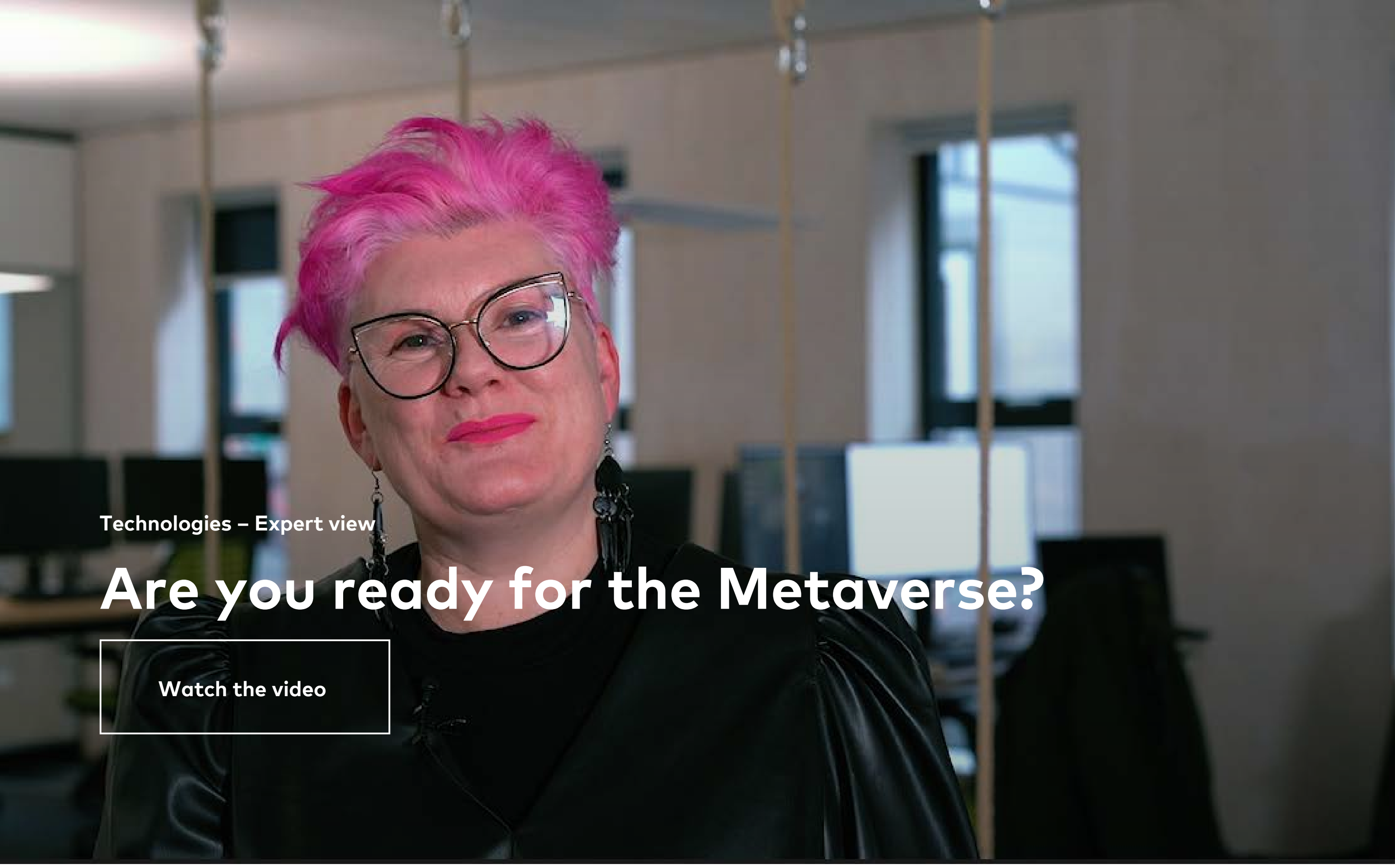
“One of our customers’ biggest challenges is to constantly increase their speed of production while avoiding waste. On this front, companies face international competition and must use innovative production processes to continually push the limits of what is possible,” explains Christian Driller.

We can help with this in two areas: First, in predicting product characteristics, by providing our customers with progressively better and more comprehensive information on their products going forward. For example, on how a defective component can be salvaged in the subsequent process steps or how key properties of a piece will turn out. A good example of this is the possibility of sorting batteries into categories based on their performance or their quality grade. Using such sorting, done at a very early stage and without requiring any further testing steps, a battery’s category can determine the subsequent path along the chain of possible production steps and prevent the destruction of value.

“We develop such solutions in close collaboration with our customers.”

The second way we can help is by predicting deviations in the stability of the processes. Soon, not only will product behavior be able to be predicted through data science disciplines, such as machine learning, but the production process itself will also be monitored digitally. Once this stage has been reached, the data generated will inform intelligent machine predictions about the process, with early warnings allowing preventive control measures to be taken.

Crucially, such solutions are not developed in isolation by ourselves, but in the production environment in collaboration with our customers and based on their data. Getting there is likely to keep the joint Montreal and Hamburg team busy for some time yet. But the first and most important step has been taken.



Technologies – Expert view

Are you ready for the Metaverse?

Watch the video

About Kelly Vero
Kelly Vero is a Digital Leader and Game Developer. Crafting a career in development throughout some of the world's most famous franchises, Kelly always knew that she would work at the top-flight of video games. At SO REAL Digital Twins, her previous company, she worked on the automated production of digital twins for the virtual world, using an innovative process based on x-ray technology.

Spend just five minutes talking with futurist and self-described "creative badass" Kelly Vero – a well-known game developer who's worked on titles such as Tomb Raider, Halo 3 and Candy Crush – and you'll start to get excited about the metaverse.

Haven't heard of it? The metaverse is a collective virtual shared space, spun out of augmented reality (AR) and living in the Internet. And it represents the future of everything digital.

"The metaverse is enabled by incredible advances in quantum computing, augmented reality and mixed reality."

"The metaverse enables you to put your physical self in a digital space and live there," says Vero. It also gives us one platform to do everything. Not just gaming, but every aspect of your life, from health care to meeting your dream partner. The current Internet, she says, has become divisive. "I think Tim Berners Lee would be very disappointed to see what's happened to his creation. The metaverse is about everyone coming together as a community, in a place where they feel safe. It contributes to a better world."

An early example of the metaverse is Pokémon Go – you're in a virtual world, but interacting with real objects. "It showed us what was possible," says Vero.

The metaverse is enabled by incredible advances in quantum computing, augmented reality and mixed reality, and the latter is what really excites Vero. "Mixed reality," – known as MR – "is the future," she says. A combination of the real world and virtual reality (VR), it allows us to do away with the hardware and headsets, and access the metaverse via lightweight wearables such as Google Glass or Apple Glasses.

One key concept underpinning the metaverse is that of digital twins – a digital mirror image of a physical object. Digital twins enable us to move physical objects in a digital space. There are use cases not just for gaming (again, think Pokémon Go) but also for fashion, retail, media, entertainment, transportation and more. Creating realistic digital twins is an emerging digital art form that some companies are capitalizing on, building collections of digital images to support innovation. At SO REAL Digital Twins, her previous company, Vero contributed to the largest developed collection in the world, using an innovative process based on x-ray technology.

"It all revolves around the chips and the motherboards the power comes from."

Did the pandemic accelerate the move toward MR and the metaverse? It definitely led to a big shift in how people use technology, and also highlighted how in some areas, tech development is regressing. "Mobile phone form factors are getting bigger for some reason, when for years and years they had become smaller," says Vero. "And I'm not sure anyone really needs a foldable phone. What people need are faster and more reliable ways to communicate."

Technology advancements require enormous computing power

So many amazing technology advancements – not just the metaverse but also autonomous vehicles, drones and quantum computing for artificial intelligence (AI) and machine learning (ML) – require enormous computing power and capability. "That power comes from chips and motherboards," Vero reminds us. The next generation of computing power will be about meeting demand for communicating reliably and quickly.

Humans at the core of technology trends for 2021

Wearables such as MR glasses or wrist-worn devices for detecting physiological data such as heart rate will become intrinsic to our day to day as human beings, Vero believes. Moreover, a person's data will become currency, and its use will likely be regulated. People will be empowered to sell or exchange their own data for their own benefit. Wearables will, over time, supplant the use of mobile phones.

The single-platform concept Vero referred to earlier will also advance significantly in 2021. We're already seeing it in gaming, with players moving away from gaming consoles toward the Internet – and eventually the metaverse.

Vero also sees technology having an outsized impact on education in the short term. "The education and technology spaces will become more symbiotic than they have been," she says. On one hand, technology democratizes access to education, while on the other, education makes us more savvy tech users. She refers to deepfakes, which are designed to disseminate false information, as an example. Besides the benefits of technology, educating people about its pitfalls is also important.

"There are definite plans afoot to make education accessible in a number of new, simulated ways," she says. "And that will give birth to a level of inclusivity we've never seen before. It's great for the next generation of learners."

How Comet is enabling transformation

Technologies at the heart of critical manufacturing processes

Read more

Comet steps up new product launches

Read more

Technologies at the heart of critical manufacturing processes.

Watch the video

Technology is evolving rapidly, and with each generation, the pace accelerates.

Exciting developments such as artificial intelligence (AI) and the emerging metaverse that Kelly Vero describes are changing the way we live and work. All of this helps drive growing demand for Comet solutions – we enable the manufacturing of essential building blocks of the digital world.

Radio frequency (RF) power technology

In recent years, technological advances such as the Internet of Things, big data and high-performance computing have greatly increased the need for computing power. Devices are becoming ever smaller, even as they must handle vastly more data. That means the electronics inside need to be more and more precise, reliable and powerful. Comet's high-quality RF match networks, vacuum capacitors and RF generators are vital to the core process of microchip production, as they help to precisely control the activity in the plasma chamber.

X-ray

Everywhere in the electronics, automotive or aerospace industries, components and parts are becoming progressively smaller, lighter and more complex. Yet they must function absolutely reliably, especially in safety-sensitive applications such as vehicles. This can be assured through rigorous quality inspection using x-rays. With its innovative, premium-quality x-ray sources and systems, as well as services that are increasingly based on data analysis and AI, Comet is making an important contribution to a safer world.

Our plasma control and x-ray technologies are used in critical production processes.
To find out where specifically, watch this short video.

Comet steps up new product launches.

With innovative products, we help our customers work faster, more accurately and efficiently. Despite Covid-19, we made strides with our new products, successfully launching future growth drivers.

The primary focus is on solutions for customers in the semiconductor and electronics market. But Comet also has new offerings for the automotive, security and aerospace markets.

Launched in 2020

MesoFocus

Module for x-ray inspection in the automotive and aerospace sectors, especially for additively manufactured parts

The iXRS-225MF is Comet's ideal module for non-destructive examination of parts with large differences in material thickness, such as additively manufactured parts, carbon fiber materials, castings and battery packs.

Launched in 2020

ION

For security inspection at airports and cargo scanning at airports, borders and ports

In the ION 300F, Comet offers an extremely precise and accurate x-ray system that is perfect for identifying and differentiating between materials.

Beta testing in 2020, launched in January 2021

Xplorer

For x-ray inspection in the electronics sector

The Xplorer series of microfocus x-ray tubes is designed to inspect small objects and reveal the interior of components. Their high reliability makes these integrated modules suitable for in-line inspection of batteries, printed circuit board assemblies, sensors and integrated circuits.

In testing

RF generator

Generator for high-precision radio frequency power supply in plasma chambers used for the fabrication of microchips in the semiconductor market

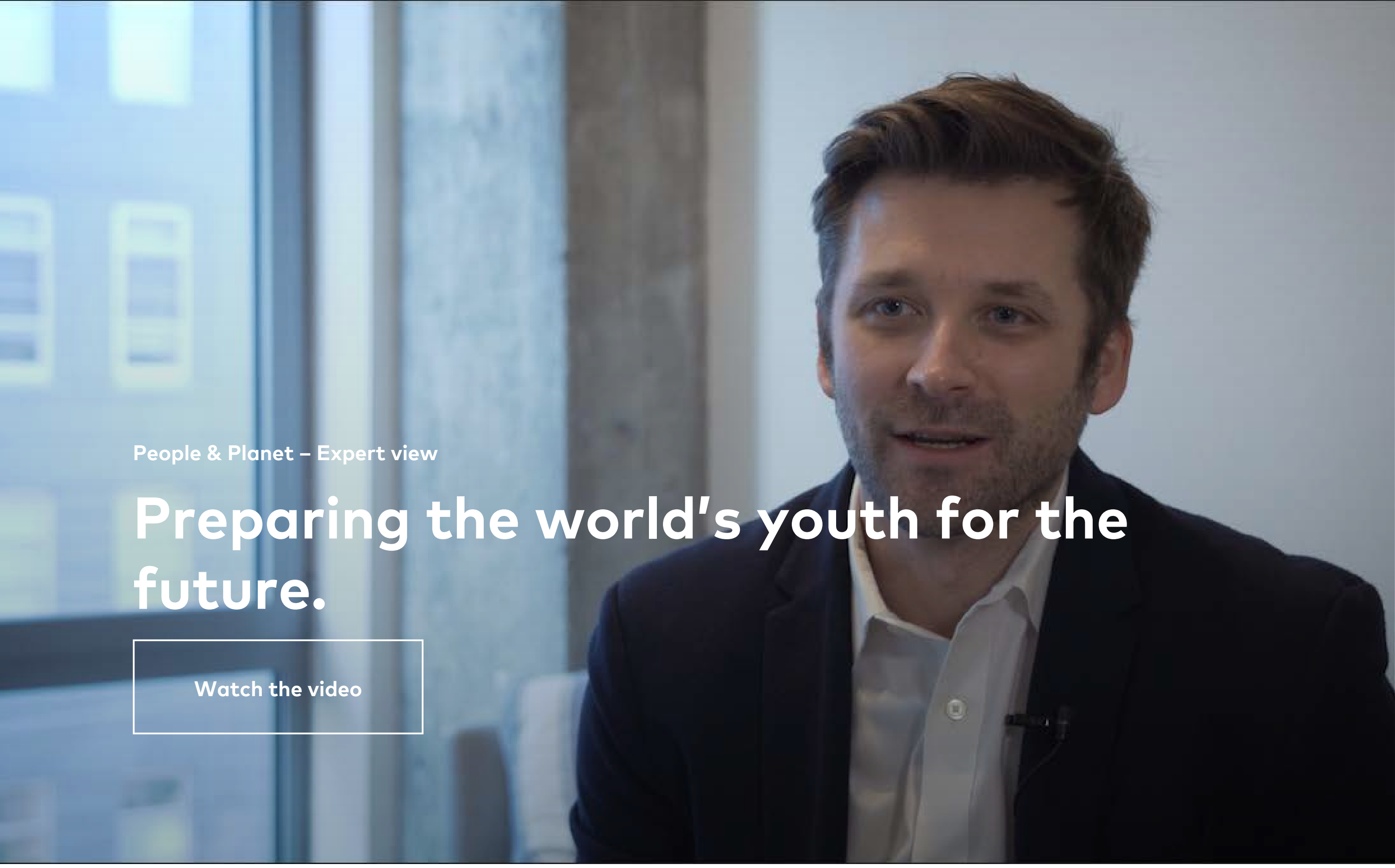
Ultra-fast control of plasma is critical to ensure maximum process stability in semiconductor manufacturing. Machine-learning-assisted data management helps overcome technological barriers. With the new RF generator, Comet is responding to this exact need. Initial tests were successful and the next testing stage is taking place in 2021.

Launched in 2020

UX20

For the inspection of medium to large castings, such as in the aerospace and automotive industry

In the form of the UX20, Comet offers a particularly intuitive and easy-to-use x-ray system under the Yxlon brand that can be adapted to the specific needs of the user. Thanks to numerous presets and automated inspection reports, the system is easy to operate even without x-ray expertise.



People & Planet – Expert view

Preparing the world's youth for the future.

Watch the video

About Wesley Furrow
Wesley Furrow is innovation manager at UNICEF's Generation Unlimited (Gen U). A former management consultant, Furrow initially joined UNICEF to help lead efficiency initiatives. He was drawn to Gen U due to his strong interest in helping youth thrive, and jumped at the chance to move into the innovation manager role.

Wesley Furrow, innovation manager at Generation Unlimited (Gen U for short), is working hard to prepare our youth for the future.

"There are approximately 1.8 billion young people around the world, ages 10 to 24," says Furrow. "In speaking with them, we found they don't feel they are being adequately prepared for the next generation of the workforce." UNICEF research also found that youth feel while they have ideas, they don't have an avenue to bring those ideas to light in order to improve the world we're living in.

Gen U is a global multi-sector partnership with an ambitious goal: by 2030, every youth and young person in the world will either be in education and training, entrepreneurship, or age-appropriate employment.

Gen U develops country-specific programs tailored for different regions of the world based on their unique needs. Convened by the UN Secretary-General at the 73rd UN General Assembly in 2018, GenU also identifies and supports new breakthrough projects – innovative models that show promise in tackling challenges experienced in multiple geographies – and then scales them globally.

One such breakthrough is the Youth Agency Market Place, known as Yoma, which originated in Nairobi. Yoma, conceptualized by UNICEF, GenU and a set of core partners, is a solution that seeks to enhance youth agency by surrounding young people with a marketplace of opportunities to Grow (e.g., online learning), Impact (e.g., Volunteer opportunities), and Thrive (e.g., linkage to employment). Completion of these opportunities is recorded in a digital profile and results in a verifiable CV.

Yoma works together with a suite of ecosystem partners, which includes private-sector companies, who are vital in Yoma's success – providing not only financial assistance but also expertise in the development of the platform itself and relevant opportunities for participating youth.

"We want to impact every single youth and young person in the world to make sure that they're employed, educated and involved in entrepreneurship or training."

No internet, no television, no radio

While Covid-19 has fast-tracked the transition to remote work and remote learning, Furrow reminds us that not everyone has been able to leverage those opportunities. "There is still a broad digital divide in the world. Some 463 million youth and young people cannot be reached by digital or broadcast," he says. "No Internet, no television and no radio means no education when physical schools are closed or too far away."

There is still a broad digital divide in the world." In order to bridge the digital divide, GenU and UNICEF recently published an article identifying four critical stepping stones:

- Connectivity
- Access
- Digital literacy
- Work-ready skills

"There is still a broad digital divide in the world."

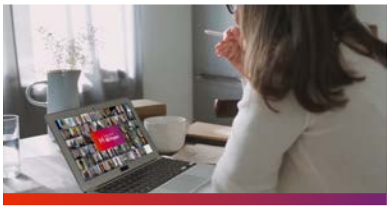
GenU is now working with partners to make steady progress in each area – for instance, supporting a program to ensure there is internet access and at least one internet-ready device at every school in the world. GenU is also developing programs to help eliminate gender differences in education around the world, to ensure equal access for boys and girls, and working to scale up online learning platforms to increase their reach into remote areas.

Online learning platforms offer great opportunities to provide locally relevant content, in local languages, that fills gaps in the curriculums, for example. But even more crucial is the access to these platforms. "Even if you have access to the Internet and there is content available, if you do not have a device to access this content, then it's useless," notes Furrow. That's why UNICEF also works with partners to figure out how to provide devices.

Furrow believes that far from silencing the voices of youth around the world, Covid-19 and the need to cope with it became a point that caused many young people to spring into action.

"The Covid-19 pandemic is everyone's concern," says Furrow. "We should and must reflect together how to maintain health on earth for each and every one of us, no matter who we are and where we come from. At UNICEF, we want to affect every single youth and young person in the world to make sure that they are employed, educated and involved in entrepreneurship or training. "While the numbers may be overwhelming," he says, "when you drill down to the local level, to one person and how you can impact them, it's so rewarding."

How Comet is enabling transformation.



Learning together and achieving our full potential.

Read more

Engaged for the next generation.

Read more

Learning together and achieving our full potential.

In a rapidly changing world, employees and teams need much more freedom to experiment and adapt to new conditions more quickly. In this environment, learning is the key to success.

To realize our full potential, the Comet Group has launched the Boost program of corporate improvement initiatives. As one of these, we introduced a leadership program together with the IMD business school in Lausanne, Switzerland, under the slogan "Make it really happen".

"It was amazing to see the great enthusiasm, openness and constructive spirit with which everyone got involved."

Luigi Cornacchia
Global Head Human Resources
Comet Group

Building a culture of collaboration and learning

About 70 managers and other promising individuals from all Comet Group locations worldwide participated in the "Comet Group Boost the Change" leadership program, developed specifically for Comet by the renowned IMD business school. Like so much in 2020, this program took place virtually.

"Under the unique circumstances of 2020, it was all the more amazing to see the great enthusiasm, energy and openness with which everyone actively engaged in the workshops from day one and animated the discussions with their contributions," remarks Luigi Cornacchia, Global Head Human Resources, Comet Group. A key focus of the program is on collaboration and interaction in teams. "The IMD program has shown us all the importance of working together hand in glove across all regions, countries and divisions and realizing the full potential of our organization in order to win in the increasingly fierce competition at the top."

Learning from each other, challenging one another, and growing and developing together are part of a successful corporate culture at all levels of the organization.

The IMD Leadership Program of 2020 was only the beginning. It will continue apace in 2021, taking up selected topics that we want to share with the entire organization and delving into them with all employees.

"Always ask customers about problems, not solutions."

Karen Li
General Manager, Comet X-Ray, China

Focusing more squarely on customers

To thrive as a company not just today but tomorrow, we must above all meet the future needs of our customers.

That is why an important part of last year's IMD program focused on taking an outside-in perspective, learning even more than before from customer insights and focusing more single-mindedly on what customers actually want and need.

"Always ask customers about problems, not solutions" was an important takeaway for Karen Li, General Manager, Comet X-Ray, China. "Only then can we proactively and rapidly develop innovations for our customers exactly where they find them most valuable." Achieving all this requires nothing less than knowing our customers very well and working closely with them.

"We can really lay the groundwork here for creating lasting change in the culture of our organization."

Noah Fredette
Director, Marketing and Sales, IXM USA

Into the passing lane with the common goal of a high-performance organization

In addition to the domain-specific "must-win battles", i.e., the absolute priorities, the program also systematically made visible the common challenges and opportunities – a critical basis for becoming a truly high-performing organization.

"The IMD program gave me the opportunity to interact with many able and dedicated people in the organization," says Noah Fredette, Director, Marketing and Sales, IXM USA. "What really energized me is the shared desire to become higher-performing as a group. It is exciting to lay the groundwork here for creating lasting change in our company's culture and steering it in the right direction."

Engaged for the next generation.

We live in a globally networked society and are part of a global community – something the pandemic has made all the more clear.

For Comet, too, it is becoming increasingly important to place the company's actions in a larger context, take on additional responsibility in civil society and contribute to a better future.

Technology improves education – education improves technology

Developing innovative technologies takes inquisitiveness, a thirst for exploration, and driving passion. But for individuals to succeed in creating new technology, they must have access to education, knowledge and, ultimately, the existing technologies that are the springboard for further development.

At Comet, we therefore believe that fair access to education in turn improves technology. We also care deeply about fostering curiosity and enthusiasm for technology in the next generation.

"It's great to witness how young people's natural curiosity about technology can be awakened and nurtured."

Bettina Hertner
Training Manager in Flamatt

Fostering curiosity and enthusiasm for technology

As a company with a long tradition of staff training and development, we pave the way to success for dozens of apprentices, interns and young professionals at any one time. Moreover, we support institutions that are committed to a similar mission in technology and education. Locally, and increasingly also globally.

Many small actions – big impact for those reached

As the Comet Group, we teamed up at all our locations worldwide at the end of 2020 and launched the "Best Present for the Future" campaign in order to support UNICEF's global education program.

"Best Present for the Future": People from five continents contributed drawings to raise money for UNICEF's education program.

In addition, many of our sites have local initiatives that aim to contribute to a better future in various ways.

For example, out of our headquarters in Flamatt, we support Young Tinkerers (an organization that fosters youths' interest in technology and science) as well as Technorama, the Swiss Science Center. Both in Switzerland and at our locations in Germany, we participate in the national Future Day, a long-standing initiative for bringing one's children to work and widening their perceived range of choices in choosing a profession. "It's great to witness with how much curiosity young people approach technology and how enthusiastic they are," says Bettina Hertner, Training Manager in Flamatt.

"Our people are now asking when they can donate before the annual campaign even starts."

Rachelle Sgarlato
Fundraising Coordinator in San Jose

Comet Technologies USA partners with Family Giving Tree and has been raising money for the organization's Back-to-School Drive every year for several years.

Funded through the Back-to-School Drive

Even before the hunger for education, however, sometimes the first step is to relieve physical hunger. Our employees in San Jose, California, have been collecting donations for Second Harvest very successfully for many years. "Our people are now asking when they can donate before the annual campaign even starts," says Rachelle Sgarlato, Supervisor of Administrative Services and fundraising coordinator in San Jose. This year, the collection provided the equivalent of 3,200 meals.

Becoming even more sustainable, globally

But we want to do much more for a better future. Sustainability is integral to the high-performing organization we aspire to be and is thus part of our strategy for tomorrow. Responsible practices in the environmental, social and governance spheres are to become even more firmly embedded in our corporate DNA.

In January 2021, we therefore launched a Group-wide sustainability program. While we already act locally through many different initiatives – such as the procurement of green electricity, the use of airbag packaging to reduce waste, and a diversity campaign – we want to take up sustainability issues at a global level in a structured way, set ourselves targets and improve incrementally.

Outlook for 2021

Comet looks to the future with optimism.

Comet has started 2021 a stronger entity, with a sound balance sheet, high order backlog, a more efficient organization and a flexible, global production network. Thanks to our heightened focus on the fast-growing semiconductor and electronics market, we are well positioned to continue to improve earnings in 2021.

"We will continue the vigorous execution of our growth strategy."

Kevin Crofton
CEO of the Comet Group

The pace of digitalization and the growth in the processing of large amounts of data (in a word, big data) have accelerated. Applications such as artificial intelligence, the Internet of Things with networked production, and the expansion of the 5G mobile communications standard continue to drive up data volume exponentially. The demand for IT hardware is rising similarly strongly, as are the demands on semiconductor-based IT infrastructure such as data centers, which ensure reliable data storage and processing. Thus, SEMI, the semiconductor equipment and materials industry association, projects nearly double-digit growth in global semiconductor manufacturing equipment sales in 2021, following a record 2020.

There are also signs of an upswing in the Group's other important end markets. While the market situation remains challenging after the renewed tightening of restrictions to combat the pandemic at the beginning of 2021, progress in the world's vaccination programs suggests a gradual return to normality lies ahead. This should also improve the situation for our x-ray business in its core markets of automotive, aerospace and security.

In this dynamic environment, we will press ahead with the focused expansion of Comet's already strong market position and continue to invest in innovation and in the expansion of our product portfolio. As last year, we will give absolute priority to the safety of all employees and customers.

The market setting remains subject to uncertainty. Provided the macroeconomic situation does not deteriorate significantly, the Comet Group expects a further increase in sales, EBITDA and EBITDA margin for the full year 2021 compared to fiscal 2020.

"Our main focus is the growing semiconductor and electronics market. This puts us in a good position to keep delivering growth in 2021."

Kevin Crofton
CEO of the Comet Group

Plasma Control Technologies

The fundamental growth driver for the semiconductor market – the digitalization of society and of the economy – is stronger than ever. The Plasma Control Technologies division (PCT) will benefit from this growth trajectory and further strengthen and expand its position in existing markets, such as that for generators. For example, PCT will be working at high speed to bring to market the new RF generator currently in testing. At the same time, it will ramp up production capacity for impedance matching networks at the new Penang site in Malaysia to meet increased demand. Another thrust is the continual further development of vacuum capacitors, through which Comet intends to meet the rising requirements of its customers in the semiconductor market and address new applications as they emerge.

X-Ray Modules

To build on the early market success of its offering launched specifically for the electronics and semiconductor market, the X-Ray Modules division (IXM) in 2021 seeks to strengthen and grow its presence in this important future growth market. Having taken over the open microfocus tubes business from the X-Ray Systems division, IXM has added this product group to its portfolio and will now make these tubes available to a wider customer base for non-destructive testing applications, including in particular the electronics and semiconductor markets. IXM will also continue to flexibly expand its manufacturing capacity and position itself even closer to its customers. To do so, it will look to performing labor-intensive, non-critical steps in the manufacturing process of new products at the Comet Group's recently opened site in Malaysia and will work to enhance the division's supply chain.

X-Ray Systems

In 2021 the X-Ray Systems division (IXS) will methodically continue the transformation process that was intensified in 2020. In the medium term in its three core markets of electronics & semiconductor, automotive, and aerospace, the division sees attractive potential, with growth drivers that differ in strength but are sustainable. After a pandemic-related slump in fiscal year 2020, IXS expects business to be stable and, if conditions are favorable, to pick up again. In the medium to long term, demand for inspection technologies for 3D packaging in the electronics market can be expected to increase as a result of advancing digitalization. The division will systematically gear its product portfolio to these promising applications. A key emphasis is placed on the expansion of capabilities in data analytics, artificial intelligence and machine learning. Following last year's acquisition of the Canadian software developer Object Research Systems, the X-Ray Systems division is making it a high priority in 2021 to leverage ORS's wealth of expertise in this promising field in order to offer customers a greater range of digital services.

Comet Group Consolidated Financial Statements

Contents

The complete 2020 consolidated financial statements (including the notes) are also available online at www.comet-group.com/en/investors

Consolidated statement of income

In thousands of CHF	Note	2020	%	2019	%
Net sales	3/4	395,816		371,606	
Cost of sales		(238,249)		(228,763)	
Gross profit		**157,567**	**39.8%**	**142,843**	**38.4%**
Other operating income	5	5,428	1.4%	5,051	1.4%
Development expenses	7	(53,220)	– 13.4%	(48,693)	– 13.1%
Marketing and selling expenses		(43,369)	– 11.0%	(49,843)	– 13.4%
General and administrative expenses		(31,063)	– 7.8%	(29,419)	– 7.9%
Gain on disposal of businesses	8	3,986	1.0%	—	—
Operating income		**39,329**	**9.9%**	**19,939**	**5.4%**
Financing expenses	10	(8,657)	– 2.2%	(6,738)	– 1.8%
Financing income	10	2,816	0.7%	2,162	0.6%
Income before tax		**33,487**	**8.5%**	**15,363**	**4.1%**
Income tax	11	(5,827)	– 1.5%	(3,336)	– 0.9%
Net income		**27,661**	**7.0%**	**12,027**	**3.2%**
Earnings per share in CHF, diluted and basic	12	3.56		1.55	
Operating income		**39,329**	**9.9%**	**19,939**	**5.4%**
Amortization	9	4,526	1.1%	4,602	1.2%
EBITA		**43,855**	**11.1%**	**24,541**	**6.6%**
Depreciation	9	14,761	3.7%	15,433	4.2%
EBITDA		**58,616**	**14.8%**	**39,974**	**10.8%**

Consolidated statement of comprehensive income

In thousands of CHF	Note	2020	2019
Net income		27,661	12,027
Other comprehensive income			
Foreign currency translation differences		(2,618)	(2,286)
Total items that will be reclassified to the income statement on realization		**(2,618)**	**(2,286)**
Actuarial gains/losses on defined benefit plans	26	1,392	(3,425)
Income tax	11	(181)	361
Total items that will not subsequently be reclassified to the income statement		**1,211**	**(3,064)**
Total other comprehensive income		**(1,407)**	**(5,350)**
Total comprehensive income		**26,254**	**6,677**

Consolidated balance sheet

In thousands of CHF	Note	Dec. 31, 2020	%	Dec. 31, 2019	%
Assets					
Cash and cash equivalents		74,681		60,255	
Trade and other receivables	13	61,784		62,627	
Other assets	14	1,813		271	
Tax receivables		1,168		609	
Inventories	15	94,188		85,184	
Prepaid expenses	16	4,674		8,296	
Total current assets		**238,308**	**55.5%**	**217,243**	**55.5%**
Property, plant and equipment	17	112,629		115,702	
Right-of-use assets	18	20,610		11,682	
Intangible assets	19	43,862		38,318	
Other assets – non-current financial assets	14	3,209		367	
Deferred tax assets	11	10,653		8,397	
Total non-current assets		**190,963**	**44.5%**	**174,467**	**44.5%**
Total assets		**429,271**	**100.0%**	**391,710**	**100.0%**
Liabilities and shareholders' equity					
Current debt	22	59,976		12,000	
Current lease liabilities	18	4,198		4,635	
Trade and other payables	23	37,289		36,609	
Contract liabilities	3	43,421		28,273	
Other financial liabilities	14	1,471		41	
Tax payables		4,399		2,480	
Accrued expenses	24	21,429		18,470	
Current provisions	25	8,466		9,346	
Total current liabilities		**180,649**	**42.1%**	**111,853**	**28.6%**
Non-current debt	22	—		59,893	
Non-current lease liabilities	18	17,644		8,754	
Non-current provisions	25	69		11	
Employee benefit plan liabilities	26	14,808		15,250	
Deferred tax liabilities	11	1,145		—	
Total non-current liabilities		**33,666**	**7.8%**	**83,909**	**21.4%**
Total liabilities		**214,315**	**49.9%**	**195,762**	**50.0%**
Capital stock	27	7,768		7,764	
Additional paid-in capital		11,631		11,184	
Retained earnings		224,452		203,277	
Foreign currency translation differences		(28,895)		(26,277)	
Total equity attributable to shareholders of Comet Holding AG		**214,956**	**50.1%**	**195,948**	**50.0%**
Total liabilities and shareholders' equity		**429,271**	**100.0%**	**391,710**	**100.0%**

Consolidated statement of cash flows

In thousands of CHF	Note	**2020**	2019
Net income		27,661	12,027
Income tax	11	5,827	3,336
Depreciation, amortization and impairment	9	19,287	20,035
Net interest expense	10	1,838	1,890
Share-based payments		518	301
Losses on disposal of property, plant and equipment		199	94
Losses on disposal of intangible assets		7	—
Gain on disposal of businesses	8	(3,986)	—
Other non-cash expense or (income)		1,860	1,044
Change in provisions	25	(52)	(2,563)
Change in other working capital		10,789	12,575
Taxes paid		(6,903)	(50)
Net cash provided by operating activities		**57,045**	**48,688**
Inflow from disposal of businesses	8	7,542	—
Outflow from acquisitions	20	(8,391)	—
Purchases of property, plant and equipment	17	(12,635)	(16,419)
Purchases of intangible assets	19	(931)	(2,202)
Disposals of property, plant and equipment	17	321	99
Purchase/disposals of other assets		(1,379)	(163)
Interest received		77	108
Net cash (used in) investing activities		**(15,396)**	**(18,577)**
Proceeds from bank debt	22	—	5,000
Repayment of debt	22	(12,000)	(1,000)
Repayment of lease liabilities	18	(4,715)	(4,867)
Interest paid		(1,847)	(1,901)
Distribution to shareholders of Comet Holding AG	34	(7,764)	(9,312)
Net cash (used in) financing activities		**(26,326)**	**(12,080)**
Net increase/(decrease) in cash and cash equivalents		15,323	18,031
Foreign currency translation differences on cash and cash equivalents		(897)	(784)
Net cash and cash equivalents at January 1		60,255	43,007
Net cash and cash equivalents at December 31		**74,681**	**60,255**

Consolidated statement of changes in equity

In thousands of CHF	Note	Capital stock	Additional paid-in capital	Retained earnings	Foreign currency translation differences	Total shareholders' equity
		Equity attributable to shareholders of Comet Holding AG				
January 1, 2019		**7,760**	**18,496**	**196,027**	**(23,991)**	**198,292**
Net income				12,027		12,027
Other comprehensive income				(3,064)	(2,286)	(5,350)
Total comprehensive income				**8,963**	**(2,286)**	**6,677**
Distribution to shareholders of Comet Holding AG	34		(7,760)	(1,552)		(9,312)
Increase in capital (for stock compensation)	27	4	448	(503)		(51)
Share-based payments	31/32			342		342
December 31, 2019		**7,764**	**11,184**	**203,277**	**(26,277)**	**195,948**
Net income				27,661		27,661
Other comprehensive income				1,211	(2,618)	(1,407)
Total comprehensive income				**28,872**	**(2,618)**	**26,255**
Distribution to shareholders of Comet Holding AG	34			(7,764)		(7,764)
Increase in capital (for stock compensation)	27	4	447	(363)		88
Share-based payments	31/32			431		431
December 31, 2020		**7,768**	**11,631**	**224,452**	**(28,895)**	**214,956**

Notes to the consolidated financial statements

01 Nature of the business activities

The Comet Group ("Comet", the "Group") is one of the world's leading vendors of x-ray and radio frequency (RF) power technology. With high-quality components, systems and services, marketed under the "Comet" and "Yxlon" brands, the Group helps its customers optimize the quality, reliability and efficiency of their products and processes. Yxlon x-ray systems for non-destructive inspection are supplied to end customers in the electronics, automotive, aerospace and energy sectors. Under the Comet brand, the Group builds components and modules such as x-ray sources, vacuum capacitors, RF generators and impedance matching networks, marketed to manufacturers in the semiconductor, automotive and aerospace industries as well as the security sector. Under the ebeam brand, Comet also developed, manufactured and marketed compact ebeam sets for the treatment of surfaces in the food and printing industries. Comet sold the ebeam lamp business to Tetra Pak eBeam Systems SA, Pully, Switzerland, effective November 30, 2020 (see notes 4 and 8).

02 Accounting policies

The consolidated financial statements (except with respect to certain financial instruments) have been drawn up under the historical cost convention. The fiscal year-end for the financial statements of all Group companies is December 31. These consolidated financial statements have been prepared in compliance with Swiss stock corporation law and International Financial Reporting Standards (IFRS). All IFRS in force at the balance sheet date and all interpretations (IFRIC) of the International Accounting Standards Board (IASB) were applied. Comet did not early-adopt new standards and interpretations unless specifically stated. The significant accounting policies applied are unchanged from the prior year except as set out below.

As a result of rounding and the presentation in thousands of Swiss francs, totals in the consolidated financial statements may not add.

02.1 Changes in accounting policies

Revised and new accounting rules
With effect from January 1, 2020, Comet has applied the following new or adjusted IFRS/IFRIC for the first time:

- IFRS 3 – Business Combinations (amendment): Definition of a Business
- IAS 1 – Presentation of Financial Statements, and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (amendments): Definition of Material
- IFRS 7 – Financial Instruments: Disclosures, IFRS 9 – Financial Instruments, and IAS 39 – Financial Instruments: Recognition and Measurement (amendments): Interest Rate Benchmark Reform
- Conceptual Framework for Financial Reporting (revision, issued March 29, 2018)
- IFRS 16 – Leases (amendment): Covid-19-Related Rent Concessions

On May 28, 2020, the International Accounting Standards Board (IASB) published an amendment to IFRS 16 concerning Covid-19-related rent concessions. Lessees have the option to waive the assessment of whether a rent concession related to Covid-19 represents a lease modification as defined in IFRS 16. Instead, the lessee may treat such lease concessions as if they were not a modification and recognize the effect as a variable lease payment in profit or loss. The amendment is effective from June 1, 2020 and applies to rent concessions granted until and including June 30, 2021. Earlier application is permitted, including in financial statements not yet authorized for issue at May 28, 2020. Comet has applied this practical expedient. This provided a relief effect of CHF 0.1 million in income before tax in the year under review.

The new or amended standards and interpretations had no material effect on the Group's financial position, results of operations and cash flows.

02.2 New accounting rules becoming effective in subsequent periods

Standard	Expected impact	Effective date	Planned adoption by Comet
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	(1)	Jan. 1, 2021	Fiscal year 2021
IAS 37 – Provisions, contingent liabilities and contingent assets: Onerous Contracts, Cost of Fulfilling a Contract (Amendments to IAS 37)	(1)	Jan. 1, 2022	Fiscal year 2022
IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	(1)	Jan. 1, 2022	Fiscal year 2022
IFRS 3 – Business combinations: Reference to the Conceptual Framework (Amendments to IFRS 3)	(1)	Jan. 1, 2022	Fiscal year 2022
IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	(1)	Jan. 1, 2023	Fiscal year 2023

(1) Expected to have no, or no significant, impact on the financial position, results of operations and cash flows.

02.3 Estimates

Comet's consolidated financial statements contain assumptions and estimates that affect the reported financial position, results of operations and cash flows. These assumptions and estimates were made on the basis of management's best knowledge at the time of preparation of the accounts. Actual results may differ from the values presented. The following estimates have the greatest effects on the consolidated financial statements:

- Intangible assets (see notes 19 to 21): For acquisitions, the fair value of the acquired net assets (including acquired intangible assets) is estimated. Any amount paid in excess of this estimate represents goodwill. Intangible assets with a finite life are written off over the expected period of use; those with an indefinite life (primarily goodwill and rights to trademarks and names) are not amortized but are tested annually for impairment. Especially in the determination of the value in use of goodwill and rights to trademarks and names, differences between assumed and actual outcomes could lead to changes in the results of impairment testing. The assumptions concerning the achievable margins and the growth rates have a significant impact on impairment test outcomes. The valuation of goodwill and other intangibles, as well as the estimation of useful life, have an effect on the consolidated financial statements.

- Provisions (see note 25) are, by definition, liabilities of uncertain amount. Future events can thus lead to adjustments that affect income.
- Deferred tax assets (see note 11) are recognized only if it is likely that taxable profits will be earned in the future. The tax planning is based on estimates and assumptions as to the future profit trajectories of the Group companies that may later prove incorrect. This can lead to changes with an effect on income.
- Employee benefit plans (see note 26): The Group operates employee benefit plans for its staff that are classified as defined benefit plans under IFRS. These defined benefit plans are valued annually, which requires the use of various assumptions. Differences between the actual outcomes and the assumptions, particularly as to the discount rate for future obligations and as to life expectancy, may have effects on the valuation of plan assets and thus on the financial position of the Group. The impact of the most important parameters on the net present value of the obligation is presented in note 26.

Impacts of Covid-19

The effects of the Covid-19 crisis on the global economy as a whole and on Comet's markets remain uncertain. With respect to these impacts, Comet has critically reviewed the assumptions and estimates that affect the financial position, results of operations and cash flows. In this review, no relevant changes have been identified that would have a material impact on these financial statements. Comet is able to meet its contractual and financial obligations in full.

In connection with the Covid-19 pandemic, Comet received one-time government assistance in the year under review. This consisted mainly of reductions in social security contributions. The positive effect on income before tax was CHF 0.9 million. The assistance received has been recognized as offsets within the corresponding expense items in the consolidated income statement.

02.4 Consolidation

02.4.1 Basis of consolidation

Effective December 31, 2020, Comet acquired sole ownership of the software developer Object Research Systems (ORS) Inc., based in Montreal, Canada. The related information is provided in note 20.

As well, two subsidiaries, Comet Technologies Malaysia Sdn. Bhd., Penang, Malaysia, and Comet Solutions Taiwan Ltd., Hsinchu County, Taiwan, were founded in the year under review. The companies are wholly owned by Comet Holding AG.

The consolidated financial statements thus comprise the accounts of the companies listed below:

Company	Registered office	Equity interest in %	
		2020	2019
Comet Holding AG	Flamatt, Switzerland	100%	100%
Comet AG	Flamatt, Switzerland	100%	100%
Comet Electronics (Shanghai) Co. Ltd.	Shanghai, China	100%	100%
Comet Mechanical Equipment (Shanghai) Co. Ltd.	Shanghai, China	100%	100%
Comet Technologies USA, Inc.	Shelton, CT, USA	100%	100%
Comet Technologies Korea Co. Ltd.	Suwon, Korea	100%	100%
Yxlon International GmbH	Hamburg, Germany	100%	100%
Comet Technologies Denmark A/S[1]	Taastrup, Denmark	100%	100%
Yxlon International KK	Yokohama, Japan	100%	100%
Yxlon (Beijing) X-Ray Equipment Trading Co. Ltd.	Beijing, China	100%	100%
Comet Technologies Malaysia Sdn. Bhd.	Penang, Malaysia	100%	–
Object Research Systems (ORS) Inc.	Montreal, Canada	100%	–
Comet Solutions Taiwan Ltd.	Hsinchu County, Taiwan	100%	–

[1] Renamed to “Comet Technologies Denmark A/S” from “Yxlon International A/S”.

02.4.2 Method of consolidation

The consolidated financial statements represent the aggregation of the annual accounts of the individual Group companies, which are prepared using uniform accounting principles. Those companies controlled by Comet Holding AG are fully consolidated. This means that these companies’ assets, liabilities, equity, expenses and income are entirely included in the consolidated financial statements. All intragroup balances and transactions, unrealized gains and losses resulting from intragroup transactions, and dividends are eliminated in full.

Acquisitions and goodwill
Companies are consolidated from the date on which effective control passes to the Group. Consolidation ends only when effective control ceases. On acquisition, the identifiable assets, liabilities and contingent liabilities are measured at fair value and included in the accounts using the acquisition method. For acquisitions, intangible assets that arise from a contractual or legal right or are separable from the business entity, and whose fair value can be measured reliably, are reported separately. Goodwill, being the excess of the aggregate consideration transferred over the fair value of the net assets of the acquired subsidiary, is initially measured at cost. If the aggregate consideration transferred is lower than the fair value of the acquired net assets, the difference is recognized as negative goodwill in other operating income at the acquisition date. Goodwill and other intangible assets are allocated on acquisition to those cash generating units expected to benefit from the acquisition or to generate future cash flows as a result of it. When Group companies are sold, the difference between their sale price and their net assets, plus accumulated currency translation differences, is recognized as operating income in the consolidated statement of income.

Foreign currency translation
The functional currency of the Group companies is the respective national currency. Transactions in a currency other than the functional currency are translated at the exchange rate prevailing at the transaction date. Financial assets and liabilities are translated at the balance sheet date at the exchange rate as of that date; the resulting currency

translation differences are reported in the income statement. The consolidated financial statements are presented in Swiss francs. The financial statements of the Group companies are translated at the average exchange rates for the year (the "average rate" in the table below) for the income statement and at year-end rates (the "closing rate") for the balance sheet. The resulting currency translation differences are recognized in other comprehensive income. Currency translation differences from intragroup loans for the long-term financing of Group companies are also recognized in other comprehensive income, to the extent that repayment is neither planned nor is likely to occur in the foreseeable future.

The exchange rates used to translate the most important currencies are listed below:

			Closing rate		Average rate	
Country or region			**Dec. 31, 2020**	Dec. 31, 2019	**2020**	2019
USA	USD	1	0.882	0.968	0.939	0.994
Eurozone	EUR	1	1.084	1.085	1.070	1.113
China	CNY	1	0.135	0.139	0.136	0.144
Japan	JPY	100	0.855	0.891	0.879	0.912
Denmark	DKK	1	0.146	0.145	0.144	0.149
Republic of Korea	KRW	1,000	0.812	0.838	0.796	0.853
Malaysia	MYR	1	0.220	–	0.222	–
Canada	CAD	1	0.692	–	0.692	–
Taiwan	TWD	100	3.141	–	3.166	–

02.5 Measurement and recognition policies

Revenue recognition (sales and other income)
Net sales represent the revenue from the sale of goods and services to third parties, net of rebates and other price reductions. The Group's revenue is derived from the sale of goods (including spare parts) by the PCT and IXM divisions and the sale of systems (including services such as installation) by the IXS division. Revenue from the sale of goods, including spare parts, systems and system-related services, is as a rule recognized on the basis of a single performance obligation, which is satisfied at a specific point in time. The performance obligation is satisfied, and the revenue recognized, when the customer acquires control of the product or service. In the sale of goods that are not systems, the transfer of control generally occurs at the time of delivery. Performance obligations for system sales (including for installation) are fulfilled at the time of acceptance by the customer. In connection with both non-system goods and with systems, Comet also offers services. Warranty obligations for providing an additional service to the customer (service-type warranties), such as an extension of the warranty period, are separate performance obligations and the revenue associated with them is recognized over time. For general maintenance services and defect correction intended to ensure that the delivered good is, or performs, as specified in the contract (assurance-type warranties), the estimated cost of the liability is recognized as a provision in accordance with IAS 37.

Customer contributions to development projects and payments for the delivery of the respective first prototype are recorded in other operating income; subsequent deliveries of prototypes are reported as sales.

Variable price elements (variable consideration) exist both in retroactive rebates when the quantity of products purchased exceeds a certain threshold in the calendar year, and in individual discounts on products. The amount of the rebate is estimated using the most-likely-amount method and as a rule is allocated proportionately to all performance obligations under the contract.

Sales commissions owed for agent activities are capitalized at contract inception as incremental costs attributable to obtaining a contract and a liability of equal amount is recognized for sales commissions. Their recognition as an expense occurs as soon as Comet has transferred control of the products to the customer. No interest effect is recognized for contract liabilities and prepayments by customers, as the period between the time of transfer of a promised good or service to the customer and the time of payment is not more than one year.

Cash and cash equivalents
In addition to cash on hand and balances in checking accounts at banks, cash and cash equivalents can also include fixed-term deposits with original maturities of up to three months.

Trade and other receivables and contract assets
Trade receivables, other receivables and contract assets are reported at their face value less any necessary impairment charges. Comet provides for impairment using the simplified approach by recognizing an allowance in the amount of the losses expected over the remaining life of the instruments (known as the expected credit loss model). For specific doubtful arrears with objective indications of impairment, impairment charges are applied individually.

Whether a receivable or a contract asset is recognized is governed by whether the right to consideration is unconditional (leading to recognition of a receivable) or conditional (leading to recognition of a contract asset).

Financial assets and liabilities
Financial assets are initially measured at fair value (market value), including transaction costs, except in the case of financial assets categorized as at fair value through profit or loss, for which transaction costs are recorded directly in financing expenses. All purchases and sales of financial assets are recognized at the transaction date.

- Financial items at fair value through profit or loss: These include all derivatives, trading positions, and certain financial assets and liabilities designated as falling into this category. These assets are recognized at fair value in the balance sheet. Changes in value are reported as financing income or expense in the reporting period in which they occur.
- Financial items at amortized cost: These are measured at cost using the effective interest method.

Fair value is determined based on quoted or other market prices. In the fiscal year as in the prior year, no hedge accounting under IFRS 9 or IAS 39 was applied to any hedging transactions. Financial assets are recognized as soon as Comet acquires control of them, and derecognized when it ceases to have control, i.e., when it has sold the rights or they have lapsed. Financial liabilities are derecognized when the obligation specified in the contract is discharged or is canceled or expires.

Inventories
Inventories are recorded at the lower of cost and net realizable value. Net realizable value represents the estimated normal sale price less the costs of completion, marketing, selling and distribution. Raw materials and purchased products are measured using the weighted-average method; internally produced goods are measured at standard costs. Inventories include proportionate shares of production overheads.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Borrowing costs related to qualifying assets form part of the historical cost. Depreciation is provided on a straight-line basis over the estimated useful life of the assets. The expense for depreciation of property, plant and equipment is recognized in the income statement under that expense category which corresponds to the function of the particular asset in the Group. Land values are not depreciated. Impairment charges are recognized as a separate line item under accumulated depreciation and impairment. Maintenance costs are recognized as assets only if the maintenance extends the expected life of the asset, expands production capacity or otherwise increases asset values. The costs of maintenance and repair that do not increase asset values are charged directly to income. The following estimated useful lives are applied in determining depreciation:

Buildings	20 – 40 years
Plant and equipment	6 – 10 years
Other tangible assets	3 – 10 years

Right-of-use assets and lease liabilities
As a lessee, Comet recognizes leases on the basis of a right-of-use model. At the inception of every contract, Comet assesses whether it includes a lease, separating lease components from non-lease components. No assets and liabilities are recognized for leases with a term of one year or less and for leases of low-value assets (with a value when new of less than CHF 5,000); the expenses for these are recognized directly in the income statement. The initial measurement of the right of use for a leased asset is made by calculating the present value of the lease payments, plus initial direct costs, plus estimated costs for dismantling, removal and restoration, less lease incentives received. The lease liabilities correspond to the present value of the discounted payment obligations. For discounting the lease payments, Comet uses the interest rate implicit in the lease. In doing so, the currency area in which the leased asset is located and the Comet-specific credit risk are taken into account. Comet primarily has leases with fixed payments, which includes leases with rent-free periods and ones with rising payments. Leases with variable payments are immaterial.

Comet's leases may include renewal options. These are included in the calculations only if, taking into account all significant determining factors, they are considered highly likely to be exercised. For indefinite leases, the following principles apply (the extension periods cited are from the lease inception or from the expiry of the minimum lease term):

	Maximum extension
Buildings and warehouses	3 years
Plant and equipment	2 years
Other tangible assets	1 year

In the event of a material modification, Comet remeasures the lease liability at the date of the change. Adjustments to the lease liability are deducted from or added to the corresponding right-of-use asset. Any difference remaining upon early termination of a lease is recognized through profit or loss.

Where Comet is the lessor, the lease is accounted for either as an operating or a finance lease, depending on its terms.

Intangible assets
The intangible assets recognized are goodwill, rights to trademarks and names, customer lists, technology, licenses, patents, and software. Intangible assets are recognized at cost and generally amortized on a straight-line basis over their expected useful life. Goodwill and acquired rights to trademarks and names are not amortized but are tested annually for impairment (see section "Impairment of non-current assets"). The expense for amortization of intangible assets with finite useful lives is recognized in the income statement under that expense category which corresponds to the function of the particular asset in the Group. The following estimated useful lives are generally applied in determining amortization:

Customer lists	10 – 15 years
Technology	5 – 10 years
Computer software	3 – 5 years

Provisions
Provisions are recognized only where Comet has a present obligation to a third party arising from a past event and the amount of the obligation can be estimated reliably. No provisions are recognized for possible losses that may result from future events.

Provisions are classified as current to the extent that the related cash outflows are expected to occur within one year from the balance sheet date. Conversely, the cash outflows in respect of non-current provisions are expected to occur more than twelve months after the balance sheet date. If the interest effect is material, the cash outflows are discounted.

Post-employment benefits
Comet maintains post-employment benefit plans for its employees which differ according to the local circumstances of the individual Group companies. The benefit plans are financed by contributions to benefit arrangements that are separate legal entities (foundations or insurance companies) or by the accumulation of reserves in the balance sheet of the respective Group company. In the case of defined contribution plans or economically equivalent arrangements, the expenses accrued in the reporting period represent the agreed contributions of the Group company. For defined benefit plans, the service costs and the present value of the defined benefit obligation are calculated in actuarial valuations by independent experts, using the projected unit

credit method. The calculations are updated annually. The surplus or deficit recognized in the balance sheet is equal to the present value of the defined benefit obligation as determined by the actuary, less the fair value of plan assets. Any resulting net surplus is recognized as an asset only to the extent of the potential economic benefit that may be realized from this asset in the future, taking into consideration IFRIC 14. The expense charged to income is the actuarially determined service cost plus the net interest cost. Actuarial gains and losses are recognized in other comprehensive income. They comprise experience adjustments (the effects of differences between the previous actuarial assumptions and the observed outcomes) and the effects of changes in actuarial assumptions (particularly regarding the discount rate and life expectancy).

Long-term employee benefits
Comet grants length-of-service awards to its employees after a certain number of years of service, in the form of lump-sum payments that increase in amount with the number of years of employment. Comet calculates the resulting obligation using the projected unit credit method. The calculation is updated annually. Any actuarial gains or losses from the remeasurement are immediately taken to income.

Share-based payments
Part of the variable compensation of the members of the Executive Committee under the short-term incentive plan (STIP), and part of the fixed compensation of the Board of Directors, is paid in stock. In addition, the Executive Committee is granted stock under a long-term incentive plan (LTIP). The expense is recognized at the value of the stock earned, measured at the quoted market price (fair value) at the grant date. The amount accrued for those components of compensation which must be equity-settled (i.e., for which there is no option of cash payment) is recognized directly in equity. For components which the beneficiary can choose to receive in equity or in cash, the value of the option which this choice represents is determined and recognized as an increase in equity, while the rest of the obligation is recorded as a liability.

Income tax
The income tax expense for the reporting period is composed of current taxes and deferred taxes.

Current taxes
Current tax liabilities and assets for the current period and prior reporting periods are recognized based on the amount expected to be payable to or refunded by the tax authorities. They are calculated based on the tax regulations and tax rates in effect at the balance sheet date.

Deferred taxes
Deferred taxes are accounted for by the liability method. Under this approach, the income tax effects of temporary differences between the tax bases and the values used in the consolidated financial statements are recorded as non-current liabilities or non-current assets. Deferred taxes are calculated at actual or expected local tax rates. Changes in deferred taxes are included in income tax expense in the income statement, except for deferred taxes in respect of items that are recognized outside profit or loss. These latter deferred taxes are likewise recognized outside profit or loss; according to the underlying ac-

countable event, they are recognized either in other comprehensive income or directly in equity. Deferred tax liabilities are recognized on all taxable temporary differences except for goodwill. Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit for the period nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future.

Impairment of non-current assets
The value of property, plant and equipment and other non-current assets, including intangibles, is reviewed whenever it appears possible, as a result of changed circumstances or events, that the assets' carrying amount represents an overvaluation. Intangible assets that are in the process of being generated are tested for impairment annually. If the carrying amount exceeds the amount recoverable through use or sale of the asset, the carrying amount is reduced to this recoverable amount and the difference is recorded as an impairment charge in the income statement. The recoverable amount is the higher of realizable value or value in use. Value in use is determined on the basis of discounted expected future cash flows. Any acquired goodwill and any rights to trademarks or names with an indefinite useful life are not amortized but are reviewed annually at the same date for impairment. This impairment test is based on the results for the fiscal year, the rolling multi-quarter forecast and the rolling multi-year plan.

03 Revenue from contracts with customers

In the following tables, sales revenue is analyzed by region and by market sector.

In thousands of CHF	Plasma Control Technologies (PCT)		X-Ray Systems (IXS)		Industrial X-Ray Modules (IXM)		ebeam Technologies (EBT)		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Geographic region										
Europe	7,878	9,236	29,116	34,192	21,363	26,689	12,137	12,448	70,494	82,564
USA	157,125	109,230	12,886	18,866	13,718	22,446	553	1,218	184,281	151,760
Asia	59,516	33,099	58,021	75,462	11,493	13,814	1,611	1,097	130,641	123,472
Rest of world	200	169	6,426	10,826	3,478	2,096	297	718	10,401	13,810
Total	**224,718**	**151,734**	**106,449**	**139,346**	**50,052**	**65,045**	**14,598**	**15,481**	**395,816**	**371,606**

Sales split by market sector In thousands of CHF	**2020**	2019
PCT		
Semiconductor	192,232	127,716
Flat panel	18,613	8,627
Others	13,872	15,391
Total PCT	**224,718**	**151,734**
IXS		
Automotive	35,430	52,889
Electronics	34,972	41,692
Science & new materials	21,825	16,377
Aerospace	10,508	20,758
Others	3,715	7,630
Total IXS	**106,449**	**139,346**
IXM		
Non-destructive testing	32,380	43,320
Security	8,151	11,253
Others	9,522	10,472
Total IXM	**50,052**	**65,045**
Total EBT	**14,598**	**15,481**
Total net sales	**395,816**	**371,606**

Comet sold the ebeam lamp business to Tetra Pak eBeam Systems SA, Pully, Switzerland, effective November 30, 2020 (see note 8). Assets and liabilities having a future value in use and remaining with Comet after the divestiture were allocated to other divisions of the Group according to their intended use, and the ebeam Technologies (EBT) division was dissolved with effect from January 1, 2021.

Unsatisfied performance obligations

The aggregate amount of the transaction prices allocated to performance obligations that were unsatisfied or partly unsatisfied at December 31, 2020 was CHF 166 million (prior year: CHF 138 million). Comet will realize this revenue as soon as the performance obligations have been fulfilled and the customers have acquired control of the products or services. This is expected generally to be the case in the next 12 to 24 months.

Contract balances
Opening and closing balances of receivables and contract assets are reported in note 13. Contract liabilities from contracts with customers are presented in the balance sheet. The contract assets consisted mainly of the rights to consideration for product deliveries and services of the X-Ray Systems division that were completed but not yet billed at the balance sheet date. The contract liabilities consisted of prepayments received from customers. The revenue recognized in 2020 from contract liabilities existing at the beginning of the reporting period amounted to CHF 18.4 million (prior year: CHF 14.7 million). Material changes in contract balances result from the receipt of customer payments and the invoicing of satisfied performance obligations.

04 Segment reporting

The Group is managed on the basis of the following four operating divisions, which are delineated based on their products and services. For financial reporting purposes the divisions are also referred to here as “operating segments” or “segments”.

- The **Plasma Control Technologies (PCT)** division develops, manufactures and markets vacuum capacitors, radio frequency (RF) generators and RF impedance matching networks for the high-precision control of plasma processes required, for instance, in the production of memory chips and flat panel displays.
- The **X-Ray Systems (IXS)** division develops, manufactures and markets x-ray systems, and provides related services, for non-destructive examination using x-ray and microfocus technology and computed tomography.
- The **Industrial X-Ray Modules (IXM)** division develops, manufactures and markets highly compact x-ray sources and portable x-ray modules for non-destructive examination, steel metrology, and security inspection.
- The **ebeam Technologies (EBT)** division developed, manufactured and marketed compact ebeam sets for the treatment of surfaces in the food and printing industries. Comet sold the ebeam lamp business to Tetra Pak eBeam Systems SA, Pully, Switzerland, effective November 30, 2020 (see note 8). Assets and liabilities having a future value in use and remaining with Comet after the divestiture were allocated to other divisions of the Group according to their intended use, and the EBT segment was dissolved with effect from January 1, 2021.

Segment operating income represents all revenues and expenses attributable to a particular division. The only revenues and expenses not allocated to the segments are those of Comet Holding AG, net financial items and income taxes. These unallocated expenses and revenues are reported in the “Corporate” column. Transactions between the segments are invoiced at prices also charged to third parties.

The segment assets and liabilities represent all operating items. The following assets and liabilities are not allocated to operating segments: the assets and liabilities of Comet Holding AG, all cash and cash equivalents, all debt and all income tax assets and liabilities. These unallocated assets and liabilities are reported in the "Corporate" column.

04.1 Operating segments

Fiscal year 2020 In thousands of CHF	Plasma Control Technologies (PCT)	X-Ray Systems (IXS)	Industrial X-Ray Modules (IXM)	ebeam Technologies (EBT)[1]	Elimination of intersegment sales	Corporate	Consolidated
Net sales							
External net sales	224,718	106,449	50,052	14,598	—	—	395,816
Intersegment sales	—	314	11,351	—	(11,665)	—	—
Total net sales	**224,718**	**106,762**	**61,403**	**14,598**	**(11,665)**	**—**	**395,816**
Earnings							
Segment operating income/(loss)	41,781	(6,677)	3,997	2,242	156	—	41,498
Unallocated costs	—	—	—	—	—	(2,169)	(2,169)
Operating income	**41,781**	**(6,677)**	**3,997**	**2,242**	**156**	**(2,169)**	**39,329**
Financing expenses							(8,657)
Financing income							2,816
Income before tax							**33,487**
Income tax							(5,827)
Net income							**27,661**
EBITDA	**49,338**	**(1,009)**	**8,956**	**3,344**	**156**	**(2,169)**	**58,616**
EBITDA in % of sales	22.0%	– 0.9%	14.6%	22.9%			14.8%
Assets and liabilities at Dec. 31, 2020							
Segment assets	129,908	124,183	83,828	—	—	91,351	429,271
Segment liabilities	(44,235)	(86,261)	(16,793)	—	—	(67,025)	(214,315)
Net assets	**85,673**	**37,923**	**67,035**	**—**	**—**	**24,326**	**214,956**
Other segment information							
Capital expenditure	11,823	11,369	3,669	254	—	—	27,115
Depreciation and amortization	7,557	5,669	4,959	1,102	—	—	19,287
Change in provisions	700	(353)	(35)	(364)	—	—	(52)
Other non-cash expense/(income)	646	(495)	359	(102)	14	1,438	1,860
Number of employees at year end	679	431	293	—	—	—	1,403

[1] Comet sold the ebeam lamp business effective November 30, 2020. The EBT segment was dissolved with effect from January 1, 2021.

Fiscal year 2019 In thousands of CHF	Plasma Control Technologies (PCT)	X-Ray Systems (IXS)	Industrial X-Ray Modules (IXM)	ebeam Technologies (EBT)	Elimination of intersegment sales	Corporate	Consolidated
Net sales							
External net sales	151,734	139,346	65,045	15,481	—	—	371,606
Intersegment sales	—	205	13,095	—	(13,301)	—	—
Total net sales	**151,734**	**139,551**	**78,141**	**15,481**	**(13,301)**	**—**	**371,606**
Earnings							
Segment operating income/(loss)	8,206	6,301	16,338	(7,903)	(473)	—	22,468
Unallocated costs	—	—	—	—	—	(2,530)	(2,530)
Operating income	**8,206**	**6,301**	**16,338**	**(7,903)**	**(473)**	**(2,530)**	**19,939**
Financing expenses							(6,738)
Financing income							2,162
Income before tax							**15,363**
Income tax							(3,336)
Net income							**12,027**
EBITDA	**15,366**	**12,026**	**21,742**	**(6,156)**	**(473)**	**(2,530)**	**39,974**
EBITDA in % of sales	10.1%	8.6%	27.8%	– 39.8%			10.8%
Assets and liabilities at Dec. 31, 2019							
Segment assets	109,507	112,813	82,941	16,801	—	69,648	391,710
Segment liabilities	(31,904)	(66,320)	(15,610)	(6,164)	—	(75,764)	(195,762)
Net assets	**77,603**	**46,493**	**67,331**	**10,637**	**—**	**(6,116)**	**195,948**
Other segment information							
Capital expenditure	7,855	8,003	4,474	860	—	—	21,194
Depreciation and amortization	7,160	5,725	5,404	1,746	—	—	20,035
Change in provisions	(2,080)	(482)	(152)	151	—	—	(2,563)
Other non-cash expense/(income)	1,104	(58)	(623)	420	38	162	1,044
Number of employees at year end	544	439	279	68	—	—	1,330

Reconciliation of aggregate segment assets and liabilities to consolidated results

In thousands of CHF	**2020**	2019
Operating segments' assets	337,919	322,062
Total cash and cash equivalents	74,681	60,255
Other assets	4,791	271
Tax receivables	1,168	609
Deferred tax assets	10,653	8,397
Comet Holding AG's receivables from third parties	60	115
Total assets	**429,271**	**391,710**
Operating segments' liabilities	(147,289)	(119,998)
Current and non-current debt	(59,976)	(71,893)
Derivatives used for foreign exchange hedging	(45)	(41)
Tax payables	(4,399)	(2,480)
Deferred tax liabilities	(1,145)	—
Comet Holding AG's payables to third parties	(1,461)	(1,350)
Total liabilities	**(214,315)**	**(195,762)**

04.2 Geographic information

Comet markets its products and services throughout the world and has its own companies in Switzerland, Germany, Denmark, the USA, China, Japan, South Korea, Malaysia, Canada and Taiwan. Net sales are allocated to countries on the basis of customer location.

Net sales by region

In thousands of CHF	2020	2019
Switzerland	11,581	11,446
Germany	26,914	32,821
Rest of Europe	31,998	38,297
Total Europe	**70,494**	**82,564**
Total North America	**186,057**	**151,760**
China	55,101	57,287
Japan	21,775	24,175
Rest of Asia	53,765	42,010
Total Asia	**130,641**	**123,472**
Rest of world	8,625	13,810
Total	**395,816**	**371,606**

Property, plant and equipment, right-of-use assets and intangible assets by region

In thousands of CHF	2020	2019
Switzerland	108,786	115,218
Germany	48,343	39,951
North America	14,053	6,958
Rest of world	5,918	3,575
Total	**177,101**	**165,702**

04.3 Sales with key accounts

In the year under review, the Plasma Control Technologies division recorded sales of CHF 128 million with its largest customer, which represented 32.4% of Group sales (prior year: CHF 84 million and 22.7%, respectively).

05 Other operating income

In thousands of CHF	2020	2019
Customers' contributions to development projects	2,039	1,623
Government grants	227	142
Income from the development of prototypes	3,134	3,166
Miscellaneous income	28	120
Total other operating income	**5,428**	**5,051**

06 Staff costs and staff count

06.1 Staff costs

In thousands of CHF	2020	2019
Wages and salaries	125,669	117,106
Employee benefits	20,505	20,810
Total staff costs	**146,174**	**137,917**

06.2 Staff count

	2020	2019
Number of employees (year-end)	1,403	1,330
Average full-time equivalents during the year	1,325	1,261

07 Development expenses

Development expenses comprise the costs of new-product development, improvement of existing products, and process engineering. Comet's development activities focus on the fields of vacuum technology, high voltage engineering and material science, and on the further development of the divisions' core products. In view of the uncertainty of future economic benefits that may flow from development projects, Comet as a rule does not capitalize development costs but charges them directly to the income statement.

08 Gain on disposal of businesses

Effective November 30, 2020, Comet sold the ebeam lamp business (part of the EBT division) to Tetra Pak eBeam Systems SA, Pully, Switzerland. The following assets and liabilities were transferred as an asset group to the new owner:

In thousands of CHF	Carrying amount at Nov. 30, 2020
Prepaid expenses	256
Inventories	1,266
Property, plant and equipment	2,492
Total assets	**4,015**
Accrued expenses	(246)
Provisions	(474)
Total liabilities	**(720)**
Total net assets	**3,295**
Cash payment from new owner	7,542
Liability for purchase price adjustment	(261)
Gain on disposal of businesses	**3,986**

The gain of CHF 4.0 million on the disposal is taxable. The expected tax rate is 13% and the tax effect is therefore CHF 0.5 million.

Comet did not divest any businesses in the prior year.

09 Amortization, depreciation and impairment

In thousands of CHF	2020	2019
Amortization of intangible assets	4,526	4,602
Depreciation of right-of-use assets	4,280	4,433
Depreciation of property, plant and equipment	10,481	10,537
Total amortization and depreciation	**19,287**	**19,572**

Impairment of property, plant and equipment	—	463
Total impairment	**—**	**463**

10 Financing income and expenses

In thousands of CHF	2020	2019
Interest expense	1,916	1,999
Losses on derivatives used for currency hedging	1,642	1,104
Foreign currency translation losses	5,099	3,635
Total financing expenses	**8,657**	**6,738**

In thousands of CHF	2020	2019
Interest income	77	108
Gains on derivatives used for currency hedging	2,155	636
Foreign currency translation gains	584	1,418
Total financing income	**2,816**	**2,162**

In thousands of CHF	2020	2019
Net interest expense	1,838	1,890
Net foreign currency translation losses or (gains)	4,002	2,685

Foreign currency translation gains and losses resulted largely from items denominated in US dollars and euros.

11 Income tax

11.1 Current and deferred income tax expense

In thousands of CHF	2020	2019
Current income tax expense in respect of the current year	9,791	4,694
Current income tax expense in respect of prior years	(1,161)	(662)
Deferred income tax expense or (credit)	(2,802)	(696)
Total income tax expense	**5,827**	**3,336**

11.2 Reconciliation of tax expense

In thousands of CHF	2020	2019
Income before tax	33,487	15,363
Expected income tax at base tax rate of 24% (prior year: 24%)	8,037	3,687
Effect of tax rates other than base tax rate	(625)	671
Effect of tax relief from canton of Comet AG	(351)	(399)
Effect of non-tax-deductible expenses	215	202
Effect of change in tax rate on deferred income tax	121	(128)
Recognition and offset of tax loss carry-forwards not recognized in prior years	(248)	—
Effect of credits for R&D and domestic manufacturing	(435)	(382)
Effect of income tax from other periods	(1,161)	(662)
Effect of non-refundable withholding tax	201	277
Other effects	74	70
Income tax reported in the income statement	**5,827**	**3,336**
Effective income tax rate in % of income before tax	17.4%	21.7%

The expected income tax rate represents the Group's experience-based long-term tax rate and takes into account the local income tax rates of the individual Group companies.

Comet AG, based in Flamatt, has been granted conditional tax relief by the canton of Fribourg in the form of a reduction in cantonal and municipal taxes for the period to 2022. For 2020 the tax reduction amounted to 50% (prior year: 50%).

11.3 Deferred tax assets and liabilities

Deferred tax assets and liabilities can be analyzed as follows:

		2020		2019
In thousands of CHF	Assets	Liabilities	Assets	Liabilities
Financial instruments	46	(95)	41	(58)
Receivables	4,272	(854)	2,121	(985)
Inventories	5,420	(2,370)	4,312	(1,426)
Property, plant and equipment	266	(461)	267	(625)
Right-of-use assets	—	(6,286)	1	(2,376)
Intangible assets	353	(2,466)	0	(3,184)
Trade payables and other liabilities	323	(498)	851	(420)
Lease liabilities	6,535	—	3,802	—
Accrued expenses	1,797	—	1,243	(0)
Provisions	886	—	894	(1)
Employee benefit plan liabilities	1,577	—	1,748	(0)
Tax loss carryforwards, and tax credits for R&D and domestic manufacturing	1,061	—	2,192	—
Total gross deferred tax of Group companies	**22,537**	**(13,030)**	**17,473**	**(9,076)**
Netting of deferred tax by Group companies	(11,885)	11,885	(9,076)	9,076
Amounts in the consolidated balance sheet	**10,653**	**(1,145)**	**8,397**	**—**

The deferred tax assets and liabilities were measured at local tax rates, ranging from 13% to 33%. No deferred tax liabilities were established for temporary differences of CHF 85.2 million (prior year: CHF 68.0 million) in respect of the value of the ownership interests in Group companies. Distributions of retained earnings by subsidiaries are not expected to have an effect on income taxes, except for future distributions from China, Korea, Taiwan and Canada. There were no tax provisions for non-refundable withholding taxes on future distributions of foreign subsidiaries to Comet Holding AG. Distributions by Comet Holding AG to its shareholders have no effect on the reported or future income taxes.

11.4 Movement in deferred tax assets and liabilities

In thousands of CHF	**2020**	2019
Net asset at January 1	**8,397**	**7,516**
Origination and reversal of temporary differences recognized in the income statement	3,360	2,549
Recognition of deferred tax assets on loss carryforwards and R&D credits	83	451
Use of tax loss carryforwards	(641)	(2,304)
Deferred tax credit in the income statement	**2,802**	**696**
Deferred tax liability related to the acquisition of a subsidiary	(1,019)	—
Origination and reversal of temporary differences recognized in other comprehensive income	(181)	361
Foreign currency translation differences	(490)	(177)
Net asset at December 31	**9,508**	**8,397**
Reported as assets	10,653	8,397
Reported as liabilities	(1,145)	—

11.5 Tax loss carryforwards

Deferred tax assets, including tax loss carryforwards and expected tax credits, are recognized only if it is likely that future taxable profits will be available to which these deferred tax assets can be applied. Temporary differences for which no tax assets were recognized were nil (prior year: nil).

At the balance sheet date of December 31, 2020, tax loss carryforwards stood at CHF 3.2 million (prior year: CHF 5.0 million). Including tax credits for R&D and domestic manufacturing, the resulting deferred tax assets were CHF 1.1 million (prior year: CHF 2.2 million). The existing loss carryforwards can be carried forward indefinitely.

In the fiscal year, there were no unrecognized deferred tax assets from tax loss carryforwards (prior year: nil).

12 Earnings per share

Basic earnings per share represents the reporting period's consolidated net income divided by the average number of shares outstanding.

	2020	2019
Weighted average number of shares outstanding	7,766,108	7,762,845
Net income in thousands of CHF	27,661	12,027
Net income per share in CHF, diluted and basic	3.56	1.55

There are no outstanding stock options or stock subscription rights that could lead to a dilution of earnings per share.

13 Trade and other receivables

In thousands of CHF	2020	2019
Trade receivables, gross	51,232	54,818
Impairment of trade receivables	(933)	(495)
Trade receivables, net	**50,299**	**54,323**
Refundable sales taxes and value-added taxes	2,415	4,392
Prepayments to suppliers	1,206	2,097
Contract assets	5,561	–
Sundry receivables	2,303	1,815
Total other receivables	**11,485**	**8,304**
Total trade and other receivables	**61,784**	**62,627**

The allowance account for impairment of trade receivables showed the following movement:

In thousands of CHF	2020	2019
January 1	**495**	**614**
Added	575	128
Released	(116)	(230)
Foreign currency translation differences	(21)	(17)
December 31	**933**	**495**

The impairment test of trade receivables performed in light of the effects of the Covid-19 pandemic identified a moderately higher risk of default in the year under review.

At the balance sheet date, complete impairment was recognized on CHF 0.7 million (prior year: CHF 0.4 million) of trade receivables. Within the item "total other receivables" and within contract assets, there were no amounts past due or written down. The Group does not hold security against trade and other receivables.

The aging schedule for past-due trade receivables on which impairment has been recognized is summarized in the table below:

Fiscal year 2020
In thousands of CHF

	Expected loss rate	Gross carrying amount Dec. 31, 2020	Expected credit loss Dec. 31, 2020	Net carrying amount Dec. 31, 2020
Trade receivables		**51,232**	**933**	**50,299**
Not past due	0.4%	48,257	180	48,077
Over 30 days past due, impairment recognized	1.0%	1,261	13	1,248
Over 60 days past due, impairment recognized	1.0%	463	4	458
Over 90 days past due, impairment recognized	38.4%[1]	179	69	110
Over 120 days past due, impairment recognized	2.0%	74	1	72
Over 150 days past due, impairment recognized	67.0%[1]	998	666	333

[1] Individual impairment allowances included.

Fiscal year 2019
In thousands of CHF

	Expected loss rate	Gross carrying amount Dec. 31, 2019	Expected credit loss Dec. 31, 2019	Net carrying amount Dec. 31, 2019
Trade receivables		**54,818**	**495**	**54,323**
Not past due	0.1%	49,078	48	49,030
Over 30 days past due, impairment recognized	0.2%	3,827	8	3,819
Over 60 days past due, impairment recognized	0.5%	698	4	694
Over 90 days past due, impairment recognized	1.0%	15	0	15
Over 120 days past due, impairment recognized	1.5%	1	0	1
Over 150 days past due, impairment recognized	36.3%[1]	1,199	435	764

[1] Individual impairment allowances included.

14 Other assets (including financial assets) and financial liabilities

14.1 Other assets, including financial assets

In thousands of CHF	2020	2019
Other assets at fair value through profit or loss		
Derivatives used for foreign exchange hedging	394	271
Total other assets at fair value through profit or loss	**394**	**271**
Other assets at amortized cost		
Lease receivable	1,465	–
Restricted cash – post-combination compensation	1,506	–
Restricted cash – purchase price holdback for warranties	1,426	–
Other non-current financial assets	231	367
Total other assets at amortized cost	**4,628**	**367**
Total other assets	**5,022**	**638**
Total current	1,813	271
Total non-current	3,209	367

14.2 Other financial liabilities

In thousands of CHF	2020	2019
Other financial liabilities at fair value through profit or loss		
Derivatives used for foreign exchange hedging	45	41
Total other financial liabilities at fair value through profit or loss	**45**	**41**
Other financial liabilities at amortized cost		
Liability for purchase price holdback for warranties	1,426	–
Total other financial liabilities at amortized cost	**1,426**	**–**
Total other financial liabilities	**1,471**	**41**
Total current	1,471	41

14.3 Derivative financial instruments

At the balance sheet date, open positions in forward exchange contracts were as follows:

In thousands of CHF	**2020**	2019
USD forward exchange contracts		
Contract amounts	11,728	14,741
Positive fair values	394	176
Negative fair values	1	12
JPY forward exchange contracts		
Contract amounts	2,181	5,248
Positive fair values	—	93
Negative fair values	11	24
CNY forward exchange contracts		
Contract amounts	1,239	902
Positive fair values	—	2
Negative fair values	33	5

The gains and losses from foreign exchange contracts are recognized as financing income or expense (see note 29). The contract amounts shown represent the notional principal amounts of the forward contracts. Consistent with the nature of the Group's activities, the forward exchange contracts have maturities of less than one year; most are due within six months.

14.4 Other assets at amortized cost

Lease receivables

As part of the divestiture of the ebeam lamp business, property, plant and equipment is leased with a financing component to Tetra Pak eBeam Systems SA (non-variable rent payments). In connection with this, equipment with a residual carrying amount of CHF 1.5 million has been reclassified from property, plant and equipment to other assets. In the year under review, this lease contract had no impact on the income statement.

Lease receivable maturity analysis In thousands of CHF	2021	2022 – 2025	After 2025	Total lease receivable
Undiscounted lease payments	181	621	737	1,539
Interest portion	(12)	(42)	(19)	(74)
Net investment lease	**169**	**578**	**718**	**1,465**

Restricted cash

In relation to the acquisition of Object Research Systems (ORS) Inc., an agreement for compensation of CHF 1.5 million in the post-combination period was concluded with key ORS personnel as a separate transaction. There is also a purchase price holdback of CHF 1.4 million for warranties regarding acquired software technology. For the settlement of these elements, cash was transferred to an escrow account, thus restricting access to these funds (see note 20).

14.5 Other financial liabilities at amortized cost

As part of the acquisition of Object Research Systems (ORS) Inc., a purchase price holdback of CHF 1.4 million was agreed for warranties regarding the acquired software technology (also see explanations in note 14.4).

15 Inventories

In thousands of CHF	2020	2019
Raw materials and semi-finished products	37,646	41,639
Work in process	16,198	17,128
Finished goods	40,344	26,417
Total inventories	**94,188**	**85,184**

The inventory amounts reflect any necessary individual write-downs for items with a market value below manufacturing cost. The expense recognized for inventory write-downs was CHF 4.7 million (prior year: CHF 4.6 million).

The sale of the ebeam lamp business resulted in a decrease of CHF 1.3 million in inventories. Note 8 provides further information on this transaction.

16 Prepaid expenses

In thousands of CHF	2020	2019
Contract costs	1,754	1,164
Other prepaid expenses	2,920	7,132
Total prepaid expenses	**4,674**	**8,296**

The contract costs represent capitalized sales commissions for agent activities (incremental costs directly attributable to obtaining a contract). In the fiscal year, sales commissions of CHF 2.4 million were recognized in the income statement (prior year: CHF 3.4 million).

The other prepaid expenses consisted largely of prepayments made for the subsequent fiscal year.

17 Property, plant and equipment

Fiscal year 2020
In thousands of CHF

	Real estate	Plant and equipment	Other tangible assets	Assets under construction	Total property, plant and equipment
Cost					
January 1, 2020	**96,236**	**94,832**	**18,262**	**9,940**	**219,269**
Acquisition of a subsidiary	—	34	—		34
Additions	1,965	4,260	883	5,473	12,581
Commissioning of assets under construction	15	5,428	2,182	(7,625)	—
Reclassifications	—	683	(683)		—
Disposals	(528)	(9,725)	(2,551)		(12,804)
Foreign currency translation differences	(7)	(919)	(501)	180	(1,247)
December 31, 2020	**97,681**	**94,593**	**17,593**	**7,968**	**217,834**
Accumulated depreciation					
January 1, 2020	**28,524**	**61,519**	**13,524**	**—**	**103,568**
Additions	2,479	5,827	2,176		10,482
Reclassifications	—	18	(18)		—
Disposals	(310)	(5,734)	(1,867)		(7,911)
Foreign currency translation differences	(4)	(631)	(299)		(934)
December 31, 2020	**30,689**	**60,998**	**13,517**	**—**	**105,204**
Carrying amount					
January 1, 2020	67,712	33,312	4,738	9,940	115,702
December 31, 2020	**66,991**	**33,595**	**4,076**	**7,968**	**112,629**

The disposals of plant and equipment included costs of CHF 4.7 million and cumulative depreciation of CHF 2.2 million associated with the divestiture of the ebeam lamp business (see note 8).

Also in connection with the sale of the ebeam lamp business, property, plant and equipment with a financing component is leased to Tetra Pak eBeam Systems SA (with non-variable rent payments). As a result, plant and equipment with a residual carrying amount of CHF 1.5 million has been reclassified to other assets. This reclassification did not lead to an outflow of funds in the consolidated cash flow statement.

The disposals of other tangible assets in the fiscal year included the reclassification of CHF 0.5 million (prior year: CHF 0.1 million) of internally produced demonstration equipment to inventories, which did not result in an outflow of funds.

Assets pledged or assigned as collateral for Group obligations
At December 31, 2020 and December 31, 2019, all real estate liens (mortgage notes in the amount of CHF 30.0 million) were held within the Group.

Fiscal year 2019 In thousands of CHF	Real estate	Plant and equipment	Other tangible assets	Assets under construction	Total property, plant and equipment
Cost					
January 1, 2019	**96,919**	**85,491**	**19,275**	**8,637**	**210,322**
Additions	951	5,761	453	6,540	13,705
Commissioning of assets under construction	225	4,417	612	(5,254)	—
Reclassifications	(1,706)	1,646	60	—	—
Disposals	(132)	(1,960)	(1,735)	—	(3,827)
Foreign currency translation differences	(21)	(523)	(403)	17	(930)
December 31, 2019	**96,236**	**94,832**	**18,262**	**9,940**	**219,269**
Accumulated depreciation					
January 1, 2019	**26,230**	**57,672**	**12,829**	**—**	**96,731**
Additions	2,512	5,467	2,558	—	10,537
Impairment	—	463	—	—	463
Reclassifications	(75)	69	6	—	—
Disposals	(132)	(1,805)	(1,599)	—	(3,536)
Foreign currency translation differences	(11)	(347)	(270)	—	(629)
December 31, 2019	**28,524**	**61,519**	**13,524**	**—**	**103,568**
Carrying amount					
January 1, 2019	70,689	27,819	6,446	8,637	113,591
December 31, 2019	**67,712**	**33,312**	**4,738**	**9,940**	**115,702**

18 Right-of-use assets and lease liabilities

The rights of use and liabilities arising from leases showed the following movement:

Fiscal year 2020	Right-of-use assets				Lease liabilities
In thousands of CHF	Buildings	Equipment	Other assets	Total	
January 1, 2020	**11,033**	**640**	**9**	**11,682**	**13,389**
Acquisition of a subsidiary	69	–	–	69	69
Additions	13,207	387	10	13,604	13,604
Disposals	(316)	—	—	(316)	(343)
Depreciation, amortization and impairment	(3,878)	(393)	(9)	(4,280)	—
Accretion of interest	—	—	—	—	446
Repayment of lease liabilities	—	—	—	—	(5,160)
Foreign currency translation differences	(142)	(8)	—	(149)	(162)
December 31, 2020	**19,973**	**626**	**11**	**20,610**	**21,842**

The non-current lease liabilities largely have remaining maturities of two to ten years. The expected future lease payments are presented in note 30.

The increase in right-of-use assets and in lease liabilities is related mainly to the extension of the lease for the Hamburg site.

The additions to right-of-use assets and lease liabilities were non-cash items and are thus not included in cash flow from investing activities.

Fiscal year 2019

In thousands of CHF	Right-of-use assets Buildings	Equipment	Other assets	Total	Lease liabilities
January 1, 2019	**11,428**	**610**	**17**	**12,055**	**14,163**
Additions	3,858	504	1	4,363	4,363
Disposals	—	—	—	—	(62)
Depreciation, amortization and impairment	(3,973)	(451)	(9)	(4,433)	—
Accretion of interest	—	—	—	—	573
Repayment of lease liabilities	—	—	—	—	(5,440)
Foreign currency translation differences	(279)	(23)	–	(302)	(207)
December 31, 2019	**11,033**	**640**	**9**	**11,682**	**13,389**

The composition of the lease expenses in fiscal 2020 and 2019 is shown below:

In thousands of CHF	**2020**	2019
Depreciation, amortization and impairment	4,280	4,433
Interest expenses	446	573
Expenses for short-term leases	51	103
Expense for low-value leases	4	7
Expense for variable lease payments not included in the measurement of lease liabilities	29	40
Total lease expenses	**4,809**	**5,155**

Comet has lease agreements containing extension and termination options (see note 2.5). At December 31, 2020, all options either deemed highly likely to be exercised or not to be exercised were taken into account in the valuation of the lease liabilities.

The undiscounted payments of options that were not exercised as at December 31, 2020 amounted to CHF 5.8 million due within the subsequent five years (prior year: CHF 6.4 million) and to CHF 11.8 million for option periods of more than five years (prior year: CHF 11.8 million).

19 Intangible assets

Fiscal year 2020
In thousands of CHF

	Goodwill and trademarks	Customer lists	Technology	Software	Other intangible assets	Total intangible assets
Cost						
January 1, 2020	**27,615**	**20,382**	**2,357**	**24,613**	**34**	**75,000**
Acquisition of a subsidiary	4,780	1,793	2,667	—	—	9,241
Additions	—	—	—	843	88	931
Disposals	—	—	—	(169)	—	(169)
Foreign currency translation differences	(11)	(445)	(1)	(64)	(0)	(521)
December 31, 2020	**32,385**	**21,730**	**5,023**	**25,222**	**122**	**84,482**
Accumulated amortization						
January 1, 2020	**0**	**17,138**	**1,737**	**17,774**	**34**	**36,683**
Additions	—	1,254	273	2,998	—	4,525
Disposals	—	—	—	(152)	—	(152)
Foreign currency translation differences	—	(396)	2	(42)	(0)	(436)
December 31, 2020	**0**	**17,996**	**2,012**	**20,578**	**34**	**40,620**
Carrying amount						
January 1, 2020	27,615	3,244	620	6,839	0	38,318
December 31, 2020	**32,385**	**3,734**	**3,012**	**4,644**	**88**	**43,862**

The categories "goodwill and trademarks", "customer lists" and "technology" were capitalized in connection with business combinations. More details on the acquisition in the year under review are presented in note 20.

Under a long-term brand strategy, the established Yxlon name is used alongside the Comet brand. The Group therefore deems the capitalized Yxlon brand to have an indefinite useful life.

Fiscal year 2019
In thousands of CHF

	Goodwill and trademarks	Customer lists	Technology	Software	Other intangible assets	Total intangible assets
Cost						
January 1, 2019	**28,412**	**20,916**	**2,432**	**21,614**	**276**	**73,650**
Additions	—	—	—	3,126	—	3,126
Reclassifications	—	—	—	241	(241)	—
Disposals	—	—	—	(67)	—	(67)
Foreign currency translation differences	(797)	(534)	(75)	(301)	(1)	(1,709)
December 31, 2019	**27,615**	**20,382**	**2,357**	**24,613**	**34**	**75,000**
Accumulated amortization						
January 1, 2019	**0**	**16,278**	**1,516**	**14,994**	**35**	**32,823**
Additions	—	1,301	281	3,020	—	4,602
Disposals	—	—	—	(67)	—	(67)
Foreign currency translation differences	—	(441)	(60)	(173)	(1)	(676)
December 31, 2019	**0**	**17,138**	**1,737**	**17,774**	**34**	**36,683**
Carrying amount						
January 1, 2019	28,412	4,638	916	6,620	241	40,827
December 31, 2019	**27,615**	**3,244**	**620**	**6,839**	**0**	**38,318**

20 Acquisitions

20.1 Acquisitions in 2020

At December 31, 2020, Comet acquired sole ownership of Object Research Systems (ORS) Inc., Montreal, Canada. ORS is a leading provider of 3D visualization and analysis solutions for research and industrial applications. Through the acquisition, Comet has expanded its expertise in machine learning and artificial intelligence. The subsidiary is reported under the Group's IXS division.

20.2 Acquisitions in 2019

In fiscal year 2019, no companies were acquired or divested, and there were no changes in the ownership interests that the Group controlled in companies.

20.3 Acquired net assets

The assets and liabilities identified within Object Research Systems (ORS) Inc. at the acquisition date are shown in the following table.

In thousands of CHF	Fair value at acquisition date
Cash and cash equivalents	488
Trade receivables	152
Other receivables	11
Tax receivables	459
Property, plant and equipment	34
Right-of-use assets	69
Intangible assets – brand name	2
Intangible assets – technology	2,667
Intangible assets – client relationships	1,793
Total assets	**5,677**
Trade payables	(8)
Other payables	(235)
Accrued expenses	(78)
Short term lease liabilities	(23)
Deferred taxes	(1,019)
Non-current lease liabilities	(46)
Total liabilities	**(1,408)**
Total identified net assets, at fair value	**4,268**
Total consideration transferred	9,046
Goodwill, capitalized	4,778

The measurement of the assets and liabilities will be completed within fiscal year 2021.

The purchase was treated as a share deal and therefore no deferred taxes on the goodwill arose at the acquisition date. In the future, deferred taxes are expected to be incurred on the intangible assets capitalized (i.e., on technology and client relationships).

20.4 Purchase price

In thousands of CHF	Cash flow from acquisition
Non-contingent consideration	7,620
Purchase price holdback at date of acquisition	1,426
Total consideration	**9,046**
Liability for purchase price adjustment	(167)
Cash and cash equivalents acquired	(488)
Net cash outflow on acquisition	**8,391**

The non-contingent consideration was paid in cash, with the exception of the liability for purchase price adjustment at the balance sheet date. As part of the acquisition, a purchase price holdback of CHF 1.4 million was agreed for warranties regarding the acquired software technology. This purchase price holdback was paid into an escrow account (see note 14).

To ensure the full transfer of expertise, arrangements for contingent compensation of CHF 1.5 million were agreed with key personnel. This is deemed compensation for post-combination services and is therefore not counted as part of the consideration for the acquisition. Cash for the payment of this contingent compensation was likewise transferred to an escrow account (see note 14).

20.5 Effect on consolidated results

The 2020 consolidated income statement does not include any sales or net income from the acquisition, as the transaction closed on December 31, 2020.

If the acquisition had been completed one year earlier, at January 1, 2020, additional sales of CHF 1.6 million and a net loss of CHF 0.5 million from the subsidiary would have been recognized by the Comet Group in fiscal 2020.

20.6 Transaction costs

The transaction costs of CHF 0.3 million incurred are recognized in general and administrative expenses.

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21 Impairment test of goodwill and intangible assets with indefinite useful lives

The impairment test for goodwill and other intangible assets with indefinite useful lives was performed as at September 30, 2020. For the purpose of the impairment test, the assets to be tested were allocated to and measured as the following two cash generating units, at the level of the IXS division and (within the IXM division) at the level of the IXT business unit:

- X-Ray Systems (IXS), as the relevant cash generating unit for all activities of the historically acquired Yxlon group and for the FeinFocus product group, with the exception of the generator business;
- Industrial X-Ray Technology (IXT), for the generator business acquired as part of the acquisition of Yxlon.

The impairment test is based on the value in use method. The recoverable amount is determined from the present value of the future cash flows (DCF valuation). The calculations are based on the Board-approved rolling forecast current at the time of the impairment test, and on the Board-approved rolling medium-term plan for 2021 to 2023. Using experience-based estimates, the amounts in the forecast and in the medium-term plan are based on growth projections for net sales, operating income and other parameters, taking into consideration the estimated market trends in the various regions. Cash flows beyond the forecast period are extrapolated using an assumed growth rate of 1% to 1.5%, which is within the expected rate of market growth. The assumptions applied in determining value in use correspond to the expected long-term average growth rate of the X-Ray Systems division's operating business and of the generator business of Industrial X-Ray Modules. Input variables with a critical impact on the outcome of the impairment test are the assumed rates of sales growth and the projected trend in operating income.

In connection with the acquisition of Object Research Systems (ORS) Inc. effective December 31, 2020, the X-Ray Systems (IXS) division recognized goodwill in the amount of CHF 4.8 million. This goodwill was not tested for impairment.

Carrying amount of the assets tested

	X-Ray Systems (IXS) CGU		Industrial X-Ray Technology (IXT) CGU		Total	
In thousands of CHF	**2020**	2019	**2020**	2019	**2020**	2019
Goodwill	23,341	18,573	6,873	6,873	30,214	25,446
Trademarks (Yxlon)	2,171	2,169	–	0	2,171	2,169
Total carrying amount	**25,512**	**20,742**	**6,873**	**6,873**	**32,385**	**27,615**

Assumptions applied in the valuation model

	X-Ray Systems (IXS) CGU		Industrial X-Ray Technology (IXT) CGU	
	2020	2019	**2020**	2019
Discount rate (WACC) before tax	12.0%	12.5%	11.1%	11.4%
Growth rate of terminal value	1.0%	1.5%	1.5%	1.5%

Sensitivities to the assumptions applied in the valuation model
The measurement of the values in use of the X-Ray Systems CGU (IXS) and the Industrial X-Ray Technology CGU (IXT) is sensitive to the following assumptions in the planning period (2021 to 2023):

- Growth assumptions: Sales revenue is projected by product group and region. Based on the recovering situation of 2020 as the starting point, the average annual rate of sales growth is assumed to be 17% for IXS (prior year: 7%) and 12% for IXT (prior year: 11%).
- Gross margins: Gross margins in the medium term are expected to average approximately 37% for IXS (prior year: 38%) and 44% for IXT (prior year: 46%). Target achievement also depends in part on the trend in the purchasing prices of materials.
- Foreign exchange rates: The movement in exchange rates between the Swiss franc and the euro and US dollar has an effect on company value. The forecasts are based on September 2020 exchange rates.
- Discount rate (WACC): The capital costs were determined based on borrowing costs (before tax) and on the long-term risk-free rate, a small-cap premium, and a market risk premium weighted by a Comet-specific beta factor.

No impairment was recognized in the year under review and Comet believes that, with a realistic change in the material assumptions, the recoverable amount would not fall below the carrying amount.

22 Debt

On April 20, 2016 a five-year, CHF 60 million bond was issued. The bond has a coupon rate of 1.875% and is listed on the SIX Swiss Exchange (ticker symbol COT16; Swiss security number 32061943). Its effective interest rate is 2%. In the first half of 2020 the bond, which is due April 20, 2021 and was recognized at CHF 60 million in the balance sheet at December 31, 2020, was reclassified from non-current to current debt. The Group did not have non-current debt at December 31, 2020.

At the end of the fiscal year under review, Comet had undrawn credit facilities of CHF 58.5 million (prior year: CHF 46.6 million). Of this total, CHF 6.2 million (prior year: CHF 4.3 million) was reserved for hedging transactions.

22.1 Movement in debt

Fiscal year 2020 In thousands of CHF	Jan. 1, 2020	Cash flows	Reclassif. from non-current to current	Unwinding of discount, and remeasurement	Foreign currency translation differences	Dec. 31, 2020
Current debt	12,000	(12,000)	59,893	83	—	59,976
Non-current debt	59,893	—	(59,893)	—	—	—
Total debt	**71,893**	**(12,000)**	**—**	**83**	**—**	**59,976**

Fiscal year 2019 In thousands of CHF	Jan. 1, 2019	Cash flows	Reclassif. from non-current to current	Unwinding of discount, and remeasurement	Foreign currency translation differences	Dec. 31, 2019
Current debt	5,000	4,000	3,000	—	—	12,000
Non-current debt	62,812	—	(3,000)	81	0	59,893
Total debt	**67,812**	**4,000**	**—**	**81**	**0**	**71,893**

23 Trade and other payables

In thousands of CHF	**2020**	2019
Trade payables	26,733	26,306
Sundry payables	4,985	3,889
Sales commissions	4,890	4,204
Total financial liabilities	**36,608**	**34,398**
Sales tax and value-added tax	681	2,211
Total other payables	**681**	**2,211**
Total trade and other payables	**37,289**	**36,609**

24 Accrued expenses

In thousands of CHF	2020	2019
Accrued staff costs	8,613	5,733
Other accrued expenses	12,816	12,737
Total accrued expenses	**21,429**	**18,470**

Accrued staff costs consist mainly of the amount accrued for performance-based compensation, and employees' vacation and overtime credits. The item "other accrued expenses" relates to outstanding invoices and payables of the fiscal year.

25 Provisions

Fiscal year 2020 In thousands of CHF	Warranties	Other provisions	Total provisions
January 1, 2020	**7,113**	**2,244**	**9,357**
Added	6,235	1,225	7,460
Used	(4,342)	(450)	(4,792)
Released	(2,710)	(482)	(3,192)
Foreign currency translation differences	(295)	(2)	(297)
December 31, 2020	**6,000**	**2,535**	**8,535**
Of which:			
January 1, 2020			
Current provisions	7,113	2,233	9,346
Non-current provisions	–	11	11
December 31, 2020			
Current provisions	6,000	2,466	8,466
Non-current provisions	–	69	69

The provision for warranties covers the risk of expenses for defects that have not occurred to date, but could potentially occur until the end of the warranty periods. Warranty provisions are measured based on historical experience.

The divestiture of the ebeam lamp business resulted in a decrease of CHF 0.5 million in warranty provisions in the year under review. The provision was transferred to the new owner with the entire asset group. Further information on the disposal is provided in note 8.

The additions to "other provisions" were related to the ongoing restructuring of the IXS division.

26 Employee benefits

26.1 Defined benefit plans

Comet maintains defined benefit pension plans in Switzerland and Germany. These plans differ according to their particular purpose (retirement, disability, and/or survivor benefits) and are based on the legal requirements in the respective countries.

Switzerland

The defined benefit plans are managed within a multi-employer pension fund. This is a separate legal entity falling under the Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pensions (the BVG). The pension fund maintains a main ("base") plan for employees that provides the legally required benefits, and a supplemental plan that provides benefits in respect of pay components above the statutory range. The base plan was switched to a fully insured pension model effective January 1, 2018, as was the supplemental plan with effect from January 1, 2019. From 2019, all investment risk is thus carried by the pension fund, or ultimately by the insurer. Both plans are administered by the multi-employer pension fund, which is in the form of a foundation organized by an insurance company. The pension fund is managed by the foundation's board of directors, which is composed of equal numbers of employee and employer representatives and is required to act in the interests of the plan participants.

Plan participants are insured against the financial consequences of old age, disability and death. The benefits are specified in a set of regulations. Minimum levels of benefits are prescribed by law. Contribution levels are set as a percentage of the insured portion of employees' pay. The retirement benefit is calculated as the retirement pension asset existing at the time of retirement, multiplied by the conversion rate specified in the regulations. Plan participants can opt to receive their principal as a lump sum instead of drawing a pension. The supplemental plan as a rule pays out a lump sum, but a pension can be drawn on request. The amounts of the disability and survivor pensions are defined as a percentage of insured pay.

Germany

In Germany there is a closed plan with pension commitments which no longer has active participants. The obligations in respect of current pension payments and deferred pensions are recognized in the balance sheet.

Principal actuarial assumptions

	Switzerland		Germany	
	2020	2019	**2020**	2019
Discount rate at January 1	0.20%	0.70%	0.60%	1.60%
Discount rate at December 31	0.15%	0.20%	0.40%	0.60%
Expected rate of salary increases	1.00%	1.00%	–	–
Life tables used as basis for life expectancies	BVG 2015 GT	BVG 2015 GT	Heubeck 2018 GT	Heubeck 2018 GT

Movement in present value of defined benefit obligation, in plan assets and in net carrying amount for defined benefit plans

Fiscal year 2020 In thousands of CHF	Present value of defined benefit obligation	Fair value of plan assets	**Net carrying amount recognized in balance sheet**
January 1	**(88,042)**	**74,268**	**(13,774)**
Current service cost	(3,561)	–	(3,561)
Administration cost, excl. cost of managing plan assets	(43)	–	(43)
Current service cost	**(3,604)**	**—**	**(3,604)**
Interest (expense)/income	(179)	147	(32)
Defined benefit cost recognized in the income statement	**(3,782)**	**147**	**(3,636)**
Return on plan assets, excluding interest income	–	248	248
Actuarial loss arising from changes in financial assumptions	(463)	–	(463)
Actuarial gain arising from experience adjustments	1,607	–	1,607
Defined benefit cost recognized in other comprehensive income	**1,144**	**248**	**1,392**
Benefits paid-in/deposited	15,903	(15,880)	24
Employee contributions	(2,049)	2,049	—
Employer contributions	–	2,654	2,654
Foreign currency translation differences	2	(1)	1
December 31	**(76,823)**	**63,484**	**(13,340)**
Reported as an asset			—
Reported as a liability			(13,340)

The average duration of the defined benefit obligation was 12.7 years.

Fiscal year 2019 In thousands of CHF	Present value of defined benefit obligation	Fair value of plan assets	**Net carrying amount recognized in balance sheet**
January 1	**(84,452)**	**74,513**	**(9,939)**
Current service cost	(3,703)	–	(3,703)
Past service cost	648	–	648
Administration cost, excl. cost of managing plan assets	(41)	–	(41)
Current service cost	**(3,096)**	**—**	**(3,096)**
Interest (expense)/income	(609)	530	(79)
Defined benefit cost recognized in the income statement	**(3,705)**	**530**	**(3,175)**
Return on plan assets, excluding interest income	–	(39)	(39)
Actuarial losses arising from changes in financial assumptions	(3,668)	–	(3,668)
Actuarial gains arising from experience adjustments	283	–	283
Defined benefit cost recognized in other comprehensive income	**(3,385)**	**(39)**	**(3,425)**
Benefits paid-in/deposited	5,474	(5,454)	20
Employee contributions	(2,051)	2,051	—
Employer contributions	–	2,712	2,712
Foreign currency translation differences	77	(45)	33
December 31	**(88,042)**	**74,268**	**(13,774)**
Reported as an asset			—
Reported as a liability			(13,774)

For the defined benefit plans in Switzerland, the board of directors of the pension fund had decided in 2019 to reduce the pension conversion rates with effect from the year 2022. These plan amendments led to a negative past service cost (i.e., they resulted in income) and a corresponding reduction in the defined benefit obligation. The positive pre-tax effect of CHF 0.6 million was distributed across the 2019 operating income of the divisions as follows: PCT: CHF 0.2 million; IXM: CHF 0.3 million; EBT: CHF 0.1 million.

Key figures by country

In thousands of CHF	Switzerland 2020	Switzerland 2019	Germany 2020	Germany 2019
Present value of defined benefit obligation	(74,829)	(85,969)	(1,994)	(2,072)
Fair value of plan assets	62,381	73,116	1,103	1,152
Net carrying amount recognized in the balance sheet	**(12,448)**	**(12,854)**	**(892)**	**(920)**
Defined benefit cost recognized in the income statement	(3,631)	(3,164)	(5)	(11)
Defined benefit cost recognized in other comprehensive income	1,382	(3,195)	10	(230)

The employer contributions to the plans in Switzerland for fiscal year 2021 are expected to amount to CHF 3.5 million.

Major categories of plan assets

In thousands of CHF	2020	2019
Assets from insurance contract	63,484	74,268
Total plan assets without a quoted market price	**63,484**	**74,268**

As the base plan and the supplemental plan are managed under a fully insured model, all investment risk is carried by the pension fund, or ultimately by the insurer. The plan assets are therefore reported as the item "assets from insurance contract".

Companies of the Comet Group do not make loans to the pension plans and do not utilize any real estate held by the plans.

Sensitivities

The following table presents an analysis of how the reported present value of the defined benefit obligation would change in response to hypothetical changes in the actuarial assumptions.

Sensitivity of present value of defined benefit obligation to different scenarios

In thousands of CHF	Switzerland 2020	Switzerland 2019	Germany 2020	Germany 2019
Discount rate: 0.25% decrease	77,294	88,712	2,059	2,143
Discount rate: 0.25% increase	72,529	83,412	1,932	2,006
Expected rate of salary growth: 0.25% decrease	74,704	85,839	1,994	2,072
Expected rate of salary growth: 0.25% increase	74,947	86,086	1,994	2,072
Life expectancy: 1-year increase	75,601	86,803	2,089	2,171
Life expectancy: 1-year decrease	74,055	85,138	1,900	1,974

26.2 Defined contribution plans

The contributions paid to defined contribution plans in the fiscal year amounted to CHF 5.7 million (prior year: CHF 6.1 million).

26.3 Length-of-service awards

Comet grants length-of-service awards to its employees after a certain number of years of service, in the form of lump-sum payments that increase in amount with the number of years of employment. The provision for this item changed as follows in the year under review:

In thousands of CHF	2020	2019
Provision at January 1	1,476	1,368
Current service cost	181	192
Interest cost	5	16
Benefits paid	(143)	(135)
Actuarial losses/(gains)	(46)	64
Foreign currency translation differences	(5)	(29)
Provision at December 31	**1,468**	**1,476**

27 Equity capital structure and shareholders

27.1 Capital stock

The capital stock at January 1, 2020 was CHF 7,764,208, divided into 7,764,208 registered shares with a par value of CHF 1.00 per share.

In fiscal year 2020 the capital stock was increased by 3,679 shares from the portion of authorized capital designated for equity-based compensation. Including the increase of 3,679 shares from this portion of authorized capital, Comet Holding AG at December 31, 2020 thus had a new total of CHF 7,767,887 of capital stock, divided into 7,767,887 registered shares with a par value of CHF 1.00 per share. The capital stock is fully paid in.

At its meeting on June 26, 2020 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.

	2020		2019	
	Number of shares	**Par value in CHF**	Number of shares	Par value in CHF
January 1	7,764,208	7,764,208	7,759,882	7,759,882
Increase in capital from the portion of authorized capital designated for equity compensation	3,679	3,679	4,326	4,326
December 31	7,767,887	7,767,887	7,764,208	7,764,208

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

27.2 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 2020, in accordance with the compensation plan, the members of the Board of Directors were granted a total of 1,751 shares of stock in payment of CHF 176,028 of fixed retainers due for fiscal year 2019. In addition, as part of their compensation for 2020, the members of the Board of Directors were granted a total of 873 shares in payment of CHF 87,763 of fixed retainers due for the period from January 1, 2020 to the 2020 Annual Shareholder Meeting. The fully paid shares were applied to the retainers due at a price of CHF 100.53 per share.

Members of the Executive Committee were granted a total of 1,055 shares in payment of CHF 106,059 of profit-sharing compensation due for fiscal year 2019. The fully paid shares were applied to the compensation due at a price of CHF 100.53 per share.

As a result of these grants of a total of 3,679 shares made in 2020, the Company's unissued authorized capital for equity-based compensation showed the following movement:

	2020		2019	
	Number of shares	**Par value in CHF**	Number of shares	Par value in CHF
January 1	198,912	198,912	203,238	203,238
Increase in capital (awards to Board of Directors for prior term's retainer and to Executive Committee for prior year's profit-sharing compensation)	(3,679)	(3,679)	(4,326)	(4,326)
December 31	195,233	195,233	198,912	198,912

At the end of the year, the remaining unissued authorized capital for equity-based compensation was CHF 195,233, or 2.5% of the existing capital stock.

27.3 Authorized capital for other capital increases

At December 31, 2020, 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 Annual Shareholder Meeting on April 23, 2020 authorized the Board of Directors to increase the capital stock, at any time until April 23, 2022, by a maximum of CHF 0.8 million by issuing up to 800,000 fully payable registered shares with a par value of CHF 1.00 per share, which represents 10.3% 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.

27.4 Significant shareholders

At December 31, 2020 the Company, according to disclosure notifications, had the following significant shareholders (defined for this purpose as shareholders with voting rights representing 3% or more 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%
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 3% or more of its shares. To the best of the Company's knowledge, there were no voting pool agreements.

28 Off-balance sheet transactions

28.1 Contingent liabilities

As a global company, Comet is exposed to numerous legal risks. These can include, especially, risks relating to product liability, patent law, export regulations, tax law and competition law. The outcomes of currently pending and future legal proceedings cannot be predicted with certainty. Expenses may therefore be incurred that are not, or not fully, covered by insurance benefits and which may thus have effects on the business trajectory and on future financial results.

Provisions are established inasmuch as the financial consequences of a past event can be estimated reliably and the estimate can be confirmed by independent expert opinion. Contingent liabilities that are likely to result in an obligation are included under provisions.

28.2 Other off-balance sheet obligations

As part of its operating activities, Comet had purchase obligations at the balance sheet date totaling CHF 17.5 million (prior year: CHF 16.6 million), of which CHF 9.4 million were current in nature (prior year: CHF 10.7 million) and CHF 8.1 million mature in the five-year period that begins in 2022 (prior year: CHF 5.9 million). The payment obligations arise from off-balance sheet offtake agreements with suppliers, most of which are set out in master agreements.

There were no investment or capital commitments at December 31, 2020 (prior year: nil).

29 Financial instruments

29.1 Classes of financial instruments

Fiscal year 2020
In thousands of CHF

	Financial assets		Financial liabilities		
	FVTPL[1]	At amortized cost	FVTPL[1]	At amortized cost	Fair value
Cash and cash equivalents		74,681			*
Trade and other receivables, net		52,602			*
Contract assets		5,561			*
Derivatives	394		45		349
Other assets – financial assets, excluding derivatives		3,122			*
Current debt, fixed rate				59,976	60,180
Trade and other payables				36,608	*
Liability for purchase price holdback for warranties				1,426	*
Lease liabilities				21,842	*
Total	**394**	**135,966**	**45**	**119,852**	
Interest income or (expense)	—	77	—	(1,916)	
Gain or (loss) on derivatives	2,155	—	(216)	—	
Change in impairment and losses on trade receivables		(438)			
Total net gain or (loss) recognized in the income statement	**2,155**	**(361)**	**(216)**	**(1,916)**	

1 At fair value through profit or loss.

* The carrying amount approximates fair value.

IFRS require all financial instruments which are held at fair value, and all reported fair values, to be categorized into three classes (or “levels”) according to whether the fair values are based on quoted prices in active markets (Level 1), on models using other observable market data (Level 2), or on models using unobservable inputs (Level 3).

The only financial instruments that Comet recognized at fair value are derivatives held for currency hedging. The measurement of the derivatives falls into Level 2 of the fair value measurement hierarchy under IFRS 13.

Fiscal year 2019 In thousands of CHF	Financial assets		Financial liabilities		
	FVTPL[1]	At amortized cost	FVTPL[1]	At amortized cost	Fair value
Cash and cash equivalents		60,255			*
Trade and other receivables, net		56,138			*
Derivatives	271		41		230
Non-current financial assets		367			*
Current debt				12,000	12,042
Trade and other payables				34,398	*
Lease liabilities				13,389	*
Non-current debt, fixed rate				59,893	60,870
Total	**271**	**116,760**	**41**	**119,680**	
Interest income or (expense)	—	108	—	(1,999)	
Gain or (loss) on derivatives	636	—	(1,104)	—	
Change in impairment and losses on trade receivables		102			
Total net gain or (loss) recognized in the income statement	**636**	**211**	**(1,104)**	**(1,999)**	

1 At fair value through profit or loss.

* The carrying amount approximates fair value.

29.2 Fair values of financial instruments

The only differences between fair values and carrying amounts occurred in fixed-rate debt. For the CHF 60 million bond, the quoted market price is used as the fair value (Level 1). At the end of 2019, the fair values of the other items of fixed-rate debt were determined by discounting the future cash flows at the interest rate prevailing at the year-end. The interest rate spreads used were those of the most recently obtained or refinanced loans (at December 31, 2020, there was no fixed-rate debt other than the bond).

30 Management of financial risks

Comet operates its own subsidiaries in a number of countries and also exports products to still other countries. As an international company, the Group is subject to various financial risks which are inseparable from its business activities. Comet seeks to avoid unreasonable financial risks and to mitigate risks through appropriate hedges. The key elements of risk management form an integral part of Group strategy. Clearly defined management information and control systems are used to measure, monitor and control risks. Detailed risk reports are produced on a regular basis.

30.1 Capital management

The primary goal of capital management is to manage equity and debt capital in such a way as to ensure the Group's high creditworthiness and an equity ratio appropriate to the Group's risk profile, thus supporting its business activities. Comet manages the Group's capital structure to meet liquidity requirements and pursue growth and profitability targets, taking into account the economic environment and the financial results achieved and planned. On this basis, the Board of Directors proposes dividend payments or capital repayments to the shareholders or recommends increases in capital stock.

Comet monitors and evaluates its capital structure by reference to net debt and the equity ratio, with the aim of ensuring that the capital structure covers the business risks and assures the Group's lasting financial flexibility.

In thousands of CHF	2020	2019
Current debt	64,174	16,635
+ Non-current debt	17,644	68,647
./. Cash and cash equivalents	74,681	60,255
Net debt	**7,137**	**25,027**
EBITDA	58,616	39,974
Debt ratio (net debt in relation to EBITDA)	**0.1**	**0.6**
Shareholders' equity	214,956	195,948
Equity ratio (equity in % of total assets)	**50.1%**	**50.0%**

30.2 Risks in connection with financial instruments

Comet is exposed to many risks associated with financial instruments. These can be divided into market risks, credit risks and liquidity risks.

30.2.1 Market risk

Market risk is the risk of changes in the price of financial assets, in currency exchange rates, interest rates and the price of exchange-traded commodities. As a manufacturer, Comet is inherently exposed to commodity price risks (for example, for inputs such as energy, copper and ceramics), but these are not considered financial risks for the purposes of IFRS 7, as Comet procures commodities only for use in manufacturing, not for trading of commodity contracts. Consequently, these risks are not explicitly determined and are not separately disclosed in the consolidated financial statements.

Exchange rate risk

With its worldwide activities and strong focus on exports, Comet has particularly high exposure to exchange rate risks, as revenues and costs often do not arise in the same currency. The currency risk from operations is reduced by purchasing and selling in local currency where possible, an approach known as natural hedging. In addition, to protect against fluctuation in exchange rates, significant foreign currency orders in the X-Ray Systems division are already hedged on receipt of the order, using forward exchange contracts. The Industrial X-Ray Modules and Plasma Control Technologies divisions non-selectively hedge a large portion of the expected cash flows in foreign currency up to a one-year time horizon, by means of forward exchange contracts. As Comet hedges only cash flows, there are no hedges of net investments in foreign operations. The table below shows the sensitivity of income before tax and of shareholders' equity to a possible movement in those exchange rates that are material for Comet, with all other variables held constant. The most important monetary foreign currency positions in the balance sheets of the Group companies are in euros and US dollars. The percentages of movement in exchange rates are based on an estimated potential range of fluctuation.

Fiscal year 2020	Increase in exchange rate in %	Effect on income before tax in thousands of CHF	Effect on equity in thousands of CHF
EUR / CHF	+10	+1,619	+542
USD / CHF	+10	+4,059	+661

Fiscal year 2019	Increase in exchange rate in %	Effect on income before tax in thousands of CHF	Effect on equity in thousands of CHF
EUR / CHF	+10	+3,135	+325
USD / CHF	+10	+2,571	+726

A reduction in exchange rates by the same percentage amount produces an opposite effect of equal size. The sensitivity analysis covers only monetary balance sheet items that, relative to the functional currency of the respective Group company, are settled in foreign currencies.

Interest rate risk
Comet's debt financing exposes it to the risk of interest rate fluctuation in the refinancing of current debt. All loans are measured at amortized cost; consequently, in the year under review and the prior year, changes in market interest rates did not have an effect on the carrying amounts of the loans, nor therefore on income before tax or on equity. The fair values of current debt, based on the current interest rate situation, are presented on an indicative basis in note 29.1.

30.2.2 Credit risk

Credit risk is the risk that a counterparty will not be willing or able to meet its obligations. To mitigate this risk, Comet deals with multiple well-established banks and spreads the credit risk as widely as necessary and reasonable.

Banking transactions
Comet spreads its cash holdings among different banks in order to minimize the potential for losses from credit risk. Banking transactions are conducted only with reputable banks of national and international standing. The types of transactions in which subsidiaries are permitted to engage is determined centrally. The following table shows the amounts held at the most important counterparties at the balance sheet date:

In thousands of CHF	2020 Rating *	2020 Balance	2019 Rating *	2019 Balance
Bank A	A+	31,620	A+	25,973
Bank B	AAA	4,271	AAA	2,499
Bank C	A	7,467	A	6,659
Bank D	n/a	4,045	n/a	4,519
Bank E	A-	15,411	A-	10,284
Bank F	A+	7,564	A+	5,045
Other counterparties		4,303		5,276
Total bank deposits		**74,681**		**60,255**

* Long-term credit rating from Standard & Poor's

Trade receivables
Comet operates worldwide, selling its products in various countries and to a large number of customers. Payment terms vary according to the market and customer. The credit limits for and payments received from each customer are monitored by the individual Group companies; the resulting information is made available to Group management in the form of monthly special reports. Appropriate allowance for expected risk of default is made through the recognition of impairment on doubtful accounts. Receivables and contract assets are written off only when payment is highly unlikely to be forthcoming. Detailed information on impairment of receivables and contract assets and its movement in the year can be found in note 13.

The amount of exposure to credit risk equals the carrying amount of the respective financial instruments in the balance sheet.

30.2.3 Liquidity risk

Comet defines liquidity risk as the risk that, at any time, the Group will not be able to meet its financial obligations fully as they become due. The foremost goal of financial management is the permanent assurance of the Group's solvency in order to prevent such a contingency. To this end, using liquidity planning, Comet always maintains sufficient liquid assets and credit lines to avoid shortages of liquidity. Ensuring solvency also includes active working capital management. The Group's credit quality is safeguarded by monitoring the leverage ratio of net debt to EBITDA. Liquidity planning and liquidity procurement are to a large extent performed centrally for the whole Group. A rolling three-month cash flow forecast is prepared monthly based on a decentralized, bottom-up approach. The long-term financing of subsidiaries is normally arranged through loans of Comet Holding AG. Following is an overview of all contractual payment obligations as at the balance sheet date, on an undiscounted basis:

Fiscal year 2020 In thousands of CHF	Carrying amount	Payments due by period			
		Total	2021	2022 – 2025	After 2025
Debt	59,976	61,125	61,125	—	—
Lease liabilities	21,842	24,544	5,655	8,207	10,682
Financial liabilities	36,608	36,608	36,608	—	—
Other financial liabilities	1,471	1,471	1,471	—	—
Total	**119,897**	**123,748**	**104,859**	**8,207**	**10,682**

Fiscal year 2019 In thousands of CHF	Carrying amount	Payments due by period			
		Total	2020	2021 – 2024	After 2024
Debt	71,893	74,388	13,263	61,125	—
Lease liabilities	13,389	14,493	5,093	7,449	1,950
Financial liabilities	34,398	34,398	34,398	—	—
Other financial liabilities	41	41	41	—	—
Total	**119,722**	**123,320**	**52,796**	**68,574**	**1,950**

Comet has secured follow-up financing for the bond maturing on April 20, 2021. The Group's funding security is thus ensured.

The item "debt" represents the principal amounts of current and non-current debt as well as the contractual interest payments. The key assumptions of the above summary of payment obligations are:

- For variable-rate debt, the interest rates at the balance sheet date are used.
- All amounts denominated in foreign currencies are translated at the rate prevailing at the balance sheet date.
- The maturity date assumed is the earliest possible.

The contract amounts of open derivative positions are presented in note 14.3.

31 Share-based payments

Main elements of the compensation system

The remuneration of the members of the Executive Committee consists of fixed compensation and a performance-based component. The total compensation takes into account the recipient's position and level of responsibility.

The profit-sharing remuneration of the members of the Executive Committee consists of annually paid compensation under a short-term incentive plan (STIP) and a long-term incentive plan (LTIP). Two-thirds of the compensation under the STIP is paid in cash and one-third of it is paid in stock. The compensation under the LTIP is paid only in stock. The total variable compensation (STIP and LTIP combined) is capped by an upper limit. The profit-sharing compensation of employees who are not members of the Executive Committee is paid only in cash.

Share-based compensation of the members of the Board of Directors

To ensure the independence of the Board of Directors in its supervision of the Executive Committee, the Board members receive only a fixed retainer, of which two-thirds is paid in cash and one-third is paid in stock. The stock awarded is subject to a holding period of three years during which it cannot be sold.

Share-based compensation of the members of the Executive Committee
In addition to the fixed compensation, the members of the Executive Committee can earn a performance-related, STIP pay component, of which one-third is paid in stock. The balance of the STIP amount is paid in cash. Additionally, further stock compensation can be granted, under the LTIP. The stock transferred under the STIP is subject to a holding period of three years from the date of the award. Stock transferred under the LTIP does not have a holding period.

Calculation of grant price for share awards
The grant price, at which the stock is awarded and transferred to recipients, is the average closing market price of the stock in the period between (and excluding) the date of the annual results press conference and the date of the Annual Shareholder Meeting.

Expenses recorded
The expense recognized for share-based payments in the year under review was CHF 0.4 million (prior year: CHF 0.3 million). The amount included CHF 0.1 million for stock already awarded to the Board of Directors in 2020.

32 Compensation of the Board of Directors and Executive Committee

The expense for compensation of the members of the Executive Committee and Board of Directors can be analyzed as follows:

in thousands of CHF	**2020**	2019
Cash compensation, including short-term employee benefits	2,634	3,724
Contributions to post-employment benefit arrangements	234	387
Expense for share-based payments	431	309
Total compensation	**3,299**	**4,420**

Related party transactions
In the fiscal year there were no transactions with related parties (prior year: nil).

33 Events after the balance sheet date

There have been no events after the balance sheet date with a material effect on the amounts in the consolidated financial statements.

34 Proposed distribution to shareholders

The Board of Directors will propose at the Annual Shareholder Meeting to pay a dividend of CHF 1.30 per share from retained earnings. In the prior year, Comet paid a dividend of CHF 1.00 per share from retained earnings. The total amount of the proposed distribution is CHF 10.1 million (prior year: CHF 7.8 million).

35 Release of the consolidated financial statements for publication

On March 12, 2021, the Board of Directors released these financial statements for publication. The Board will present the financial statements to the Annual Shareholder Meeting on April 22, 2021 for approval.

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To the General Meeting of
Comet Holding Ltd., Flamatt

Berne, March 12, 2021

Statutory auditor's report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Comet Holding Ltd. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 52 to 102) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the *International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code)* and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 responsibilities for the audit of the consolidated financial statements* 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 consolidated 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 consolidated financial statements.

Impairment of intangible assets – goodwill and other	
Risk	The group reviews the carrying amount of its cash generating units annually or more frequently if any impairment indicators are present with respect to goodwill or other intangible assets with indefinite useful life (trademarks). The impairment assessment involves performing a comparison of the estimated recoverable amount (fair value or higher net present value of each cash-generating unit) with its carrying amount. These annual impairment tests were significant to our audit because the balances for goodwill and trademarks of CHF 32.4 million as of 31 December 2020 are material to the financial statements. Furthermore, the underlying estimations to the impairment assessment are complex and any impairment of goodwill, trademarks or other intangible and tangible assets can have a material impact on the net income of the Comet Group. The valuation also depends on assumptions regarding the future development of the business and on judgments made by management. The impairment tests are complex and described in Note 21. The recoverable amount calculated via discounted cash flow analysis is based on various assumptions such as future cash flows, terminal value growth rates, inflation rate and discount rate (WACC) of each cash-generating unit. These assumptions are determined by management and are therefore considered to be material judgments.
Our audit response	We assessed the assumptions made in the impairment tests and discussed them with management. We involved our own valuation specialists to test the accuracy of the impairment calculation. We compared the terminal value growth rate as well as the inflation rate with externally available data and checked the clerical accuracy of the model. In addition, we evaluated the estimates made by management in previous years in terms of the actual income generated, as well as assessed management's process for identifying possible impairments. Moreover, we evaluated the disclosures regarding impairment testing on goodwill and intangible assets with indefinite useful life with regard to the assumptions made. Our audit procedures did not lead to any reservations concerning the measurement of intangible assets – goodwill and other.

Recognition of the acquisition Object Research Systems Inc.

Risk	According to Note 20, Comet acquired Object Research Systems (ORS) Inc. during the current business year. Acquisitions are complex transactions, as they include fair value measurement of assets and liabilities, including identification of intangible assets that have previously not been recognized on the balance sheet. The transaction involves unconditional purchase price retentions, for which purchase prices to be paid at a later date must also be estimated at the time of acquisition. Depending on the significance of the transaction, these valuations are performed by Comet or by involving external specialists. The residual value in the form of the difference between purchase price and acquired net assets represents goodwill. Goodwill is not systematically amortized but reviewed for impairment at least annually.
Our audit response	Our work included, among other things, comparing the purchase prices with the underlying contracts, taking into account unconditional purchase price retentions. Based on the financial statements at the closing date, we evaluated the reconciliation of carrying amounts to fair values. For the audit of the material intangible assets in particular, we involved internal valuation specialists to evaluate the completeness and valuation. Finally, we also assessed the disclosure of the newly acquired company in Note 20. Our audit procedures did not lead to any reservations concerning the recognition of the acquisition Object Research Systems, Inc.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Building a better working world

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

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

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

ROLAND RUPRECHT Licensed audit expert (Auditor in charge)	PHILIPPE WENGER Licensed audit expert

Separate Financial Statements of Comet Holding AG

Contents

Statement of income

In thousands of CHF	2020	%	2019	%
Dividend income	14,482		15,855	
Other financing income	2,260		2,434	
Total income	**16,742**	**100.0%**	**18,289**	**100.0%**
Financing expenses	(1,697)		(1,254)	
Other operating expenses	(2,523)		(2,873)	
Income tax	—		(118)	
Total expenses	**(4,219)**	**25.2%**	**(4,245)**	**23.2%**
Net income for the year	**12,522**	**74.8%**	**14,044**	**76.8%**

Balance sheet

In thousands of CHF	Note	Dec. 31, 2020	%	Dec. 31, 2019	%
Assets					
Cash and cash equivalents		655		455	
Trade receivables from subsidiaries		88		3	
Prepaid expenses		60		115	
Total current assets		**804**	**0.4%**	**573**	**0.3%**
Non-current financial assets – loans	3	112,401		118,466	
Investments in subsidiaries	2	86,632		75,431	
Total non-current assets		**199,033**	**99.6%**	**193,897**	**99.7%**
Total assets		**199,836**	**100.0%**	**194,470**	**100.0%**
Liabilities and shareholders' equity					
Current trade payables to non-Group entities		—		4	
Current trade payables to shareholders and governing bodies		344		297	
Current interest-bearing liabilities		60,000		—	
Accrued expenses		1,461		1,346	
Non-current interest-bearing liabilities	8	—		60,000	
Total liabilities		**61,805**	**30.9%**	**61,647**	**31.7%**
Capital stock	5	7,768		7,764	
Statutory capital reserve		1,540		1,093	
Statutory earnings reserve		4,967		4,967	
Retained earnings brought forward		111,235		104,955	
Net income for the year		12,522		14,044	
Total retained earnings		123,757		118,999	
Total shareholders' equity		**138,031**	**69.1%**	**132,823**	**68.3%**
Total liabilities and shareholders' equity		**199,836**	**100.0%**	**194,470**	**100.0%**

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, 2020 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.

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.

02 Investments in subsidiaries

Comet Holding AG directly held the following companies at December 31, 2020:

Company	Registered office	Currency	Capital stock	Equity interest in % *	
				2020	2019
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%
Comet Technologies Denmark A/S[1]	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 Technologies Malaysia Sdn. Bhd.	Penang, Malaysia	MYR	3,000,000	100%	–
Object Research Systems (ORS) Inc.	Montreal, Canada	CAD	15,001,000	100%	–
Comet Solutions Taiwan Ltd.	Hsinchu County, Taiwan	TWD	5,000,000	100%	–

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

1 Company renamed to "Comet Technologies Denmark A/S" from "Yxlon International A/S".

03 Non-current financial assets – loans

Loans to subsidiaries were as follows:

In thousands of CHF	2020	2019
Comet AG	77,063	76,089
Comet Technologies USA, Inc.	14,080	20,209
Yxlon International GmbH	14,792	19,399
Comet Technologies Denmark A/S	2,059	1,522
Yxlon International KK	—	1,247
Comet Technologies Malaysia Sdn Bhd	4,407	—
Total loans to subsidiaries	**112,401**	**118,466**

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
Swiss security number	36082699
ISIN	CH0360826991
Closing price at December 31, 2020	CHF 198.20
Market capitalization at December 31, 2020	CHF 1,540 million

Assorted data on the stock of Comet Holding AG is provided on page 17 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, 2020, Comet Holding AG had 3,853 voting shareholders of record (i.e., voting shareholders registered in the share register; prior year: 3,932). Of the total issued registered stock, 100% (prior year: 100%) represented free float. Comet Holding AG held no treasury stock at December 31, 2020 (prior year: nil). The structure of share ownership size classes among the shareholders of record at December 31, 2020 was as follows:

Number of shares	Number of shareholders
1 to 1,000	3,482
1,001 to 10,000	313
10,001 to 50,000	48
50,001 to 100,000	5
More than 100,000	5

This analysis includes only the stock of shareholders who were registered in the share register. At December 31, 2020 the shares of unregistered owners amounted to 36% of the total (prior year: 31%).

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 ⅓%, 50% and 66 ⅔% 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, 2020 the Company, according to disclosure notifications, had the following significant shareholders (defined for this purpose as shareholders with voting rights of 3% or more 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%
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 3% or more of its shares. To the best of the Company's knowledge, there were no voting pool agreements.

Reportable changes during fiscal year 2020
In the fiscal year, 14 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, 2020 was CHF 7,764,208, divided into 7,764,208 registered shares with a par value of CHF 1.00 per share.

In fiscal year 2020 the capital stock was increased by 3,679 shares from the portion of authorized capital designated for equity-based compensation. Including the increase of 3,679 shares from this portion of authorized capital, Comet Holding AG at December 31, 2020 thus had a new total of CHF 7,767,887 of capital stock, divided into 7,767,887 registered shares with a par value of CHF 1.00 per share. The capital stock is fully paid in.

At its meeting on June 26, 2020 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.

	2020		2019	
	Number of shares	**Par value in CHF**	Number of shares	Par value in CHF
January 1	7,764,208	7,764,208	7,759,882	7,759,882
Increase in capital from the portion of authorized capital designated for equity compensation	3,679	3,679	4,326	4,326
December 31	7,767,887	7,767,887	7,764,208	7,764,208

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 2020, in accordance with the compensation plan, the members of the Board of Directors were granted a total of 1,751 shares of stock in payment of CHF 176,028 of fixed retainers due for fiscal year 2019. In addition, as part of their compensation for 2020, the members of the Board of Directors were granted a total of 873 shares in payment of CHF 87,763 of fixed retainers due for the period from January 1, 2020 to the 2020 Annual Shareholder Meeting. The fully paid shares were applied to the retainers due at a price of CHF 100.53 per share.

Members of the Executive Committee were granted a total of 1,055 shares in payment of CHF 106,059 of profit-sharing compensation due for fiscal year 2020. The fully paid shares were applied to the compensation due at a price of CHF 100.53 per share.

As a result of these grants of a total of 3,679 shares made in 2020, the Company's unissued authorized capital for equity-based compensation showed the following movement:

		2020		2019
	Number of shares	**Par value in CHF**	Number of shares	Par value in CHF
January 1	198,912	198,912	203,238	203,238
Increase in capital (awards to Board of Directors for prior term's retainer and to Executive Committee for prior year's profit-sharing compensation)	(3,679)	(3,679)	(4,326)	(4,326)
December 31	195,233	195,233	198,912	198,912

At the end of the year, the remaining unissued authorized capital for equity-based compensation was CHF 195,233, or 2.5% of the existing capital stock.

Authorized capital for other capital increases
At December 31, 2020, in addition to shares outstanding and unissued authorized capital for equity-based 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 to increase the capital stock, at any time until April 23, 2022, by a maximum of CHF 0.8 million by issuing up to 800,000 fully payable registered shares with a par value of CHF 1.00 per share, which represents 10.3% 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.

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 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			Freely disposable	**Share of voting rights**	
	2020	2019	4/26/2021	4/26/2022	4/24/2023		**2020**	2019
Heinz Kundert Chairman of the Board (since April 25, 2019) / Chief Executive Officer (until August 31, 2020)	**4,220**	3,564	–	–	656	3,564	**0.1%**	0.0%
Rolf Huber Vice Chairman (since April 25, 2019) and member of the Board	**14,292**	13,964	244	359	328	13,361	**0.2%**	0.2%
Gian-Luca Bona Member of the Board	**6,352**	6,024	244	359	328	5,421	**0.1%**	0.1%
Mariel Hoch Member of the Board	**1,202**	874	244	359	328	271	**0.0%**	0.0%
Patrick Jany Member of the Board (since April 25, 2019)	**2,713**	–	–	–	328	2,385	**0.0%**	–
Christoph Kutter Member of the Board (until April 23, 2020)	**328**	–	–	–	328	–	**0.0%**	–
Franz Richter Member of the Board (until April 23, 2020)	**1,202**	874	244	359	328	271	**0.0%**	0.0%
Kevin Crofton Chief Executive Officer (since September 1, 2020)	**8,000**	–	–	–	–	8,000	**0.1%**	–
Lisa Pataki Chief Financial Officer (since October 1, 2020)	**–**	–	–	–	–	–	**–**	–
Thomas Wenzel President of X-Ray Systems division (until April 30, 2021)	**158**	74	–	–	83	75	**0.0%**	0.0%
Michael Kammerer President of Plasma Control Technologies division	**1,051**	1,469	656	122	116	157	**0.0%**	0.0%
Stephan Haferl President of X-Ray Modules division	**367**	277	–	104	99	164	**0.0%**	0.0%
Eric Dubuis Chief Information Officer (until January 31, 2021)	**455**	1,353	279	90	86	–	**0.0%**	0.0%
Keighley Peters Chief Information Officer (since December 28, 2020)	**–**	–	–	–	–	–	**–**	–

Each 10,000 registered shares of Comet Holding AG, of a par value of CHF 1.00 per share, represented 0.1287% of all voting power (prior year: 0.1288%). The members of the Board of Directors and Executive Committee held an aggregate total of 0.5% of voting rights (prior year: 1.1%). No material changes in ownership interests arose after the balance sheet date of December 31, 2020.

07 Options, conversion rights and treasury stock

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

In fiscal year 2020 and the prior year, Comet Holding AG held no treasury stock.

08 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.

The listing is on the SIX Swiss Exchange (Swiss security number 32 061 943, ISIN number CH0320619437, ticker symbol COT16).

As the bond matures in April 2021, it was reclassified from non-current to current debt in the first half of 2020. Comet Holding AG has also secured the follow-up financing for the bond. The Group's funding security is thus ensured.

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.

10 Number of full-time equivalents

The number of employees of Comet Holding AG in 2020 and 2019 in terms of the annual average number of full-time equivalents was less than 10.

11 Events after the balance sheet date

There have been no events after the balance sheet date with a material effect on the amounts in the financial statements.

12 Release of the separate financial statements for publication

The Board of Directors released these annual financial statements on March 12, 2021 for publication and will present them to shareholders for approval at the Annual Shareholder Meeting on April 22, 2021.

Board of Directors' proposal for the appropriation of retained earnings

01 Retained earnings in 2020

In thousands of CHF	2020
Earnings brought forward	111,235
Net income for the year	12,522
Retained earnings available for distribution	**123,757**

02 Proposal for the appropriation of retained earnings

At the Annual Shareholder Meeting the Board of Directors will propose to pay a dividend of CHF 1.30 per share from retained earnings.

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

In thousands of CHF	2020
Retained earnings at December 31, 2020	**123,757**
Dividend payment of CHF 1.30 per share	(10,098)
Retained earnings carried forward	**113,659**

Provided the proposal is approved, the dividend of CHF 1.30 per entitled share, less 35% withholding tax, will be paid on April 28, 2021.

Building a better working world

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To the General Meeting of
Comet Holding Ltd., Flamatt

Berne, March 12, 2021

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 income statement, balance sheet and notes (pages 108 to 115), for the year ended 31 December 2020.

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 2020 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	The company holds as parent of the group 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, these 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 an allowance. The calculations are based in part on simplified principles, especially when management considered the risk of an impairment to be low.
Our audit response	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.

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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

Corporate Governance 2020

Contents

Corporate Governance in 2020

Corporate governance is defined by the Comet Group as the entirety of the principles and practices aimed at safeguarding shareholder interests. While maintaining management's decision-making capability and efficiency, the aim of good corporate governance is to ensure an appropriate balance of leadership and control, together with transparent reporting.

This corporate governance report describes the management structure and control principles in place at the top organizational levels of the Comet Group. The key elements are defined in the Company's Bylaws and in its organizational regulations (the Management Organization Manual).

The corporate governance report is based on the requirements of the SIX Swiss Exchange's Directive on Information Relating to Corporate Governance (DCG).

The disclosure requirements of the Ordinance Against Excessive Compensation at Listed Companies (OAEC) are fully met.

Group structure and ownership

Structure of the operating activities of the Comet Group in 2020

Plasma Control Technologies PCT	X-Ray Systems IXS	Industrial X-Ray Modules IXM	ebeam Technologies EBT

The Group's commercial activities are divided into three divisions: Plasma Control Technologies (PCT), X-Ray Systems (IXS) and Industrial X-Ray Modules (IXM). Financial reporting is segmented along these divisional lines. The financial data for the individual divisions is found in the segment reporting within the notes to the consolidated annual financial statements, beginning on page 67 of this annual report. Effective November 30, 2020, Comet sold the ebeam lamp production business to Tetra Pak eBeam Systems SA, Pully, Switzerland. Assets and liabilities remaining with Comet after the divestiture were allocated to other divisions of the Group according to their intended use, and the EBT division was dissolved with effect from January 1, 2021.

Listed Group company: Comet Holding AG

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
Swiss security number	36082699
ISIN	CH0360826991
Closing price at December 31, 2020	CHF 198.20
Market capitalization at December 31, 2020	CHF 1,540 million

Assorted data on the stock of Comet Holding AG is provided on page 17 of the annual report.

Non-listed Group companies

Comet Holding AG has no publicly traded subsidiaries.

Basis of consolidation

The following companies' results were consolidated in the accounts of the Comet Group at December 31, 2020:

Company	Registered office	Currency	Capital stock	Equity interest in % * 2020	Equity interest in % * 2019
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%
Comet Technologies Denmark A/S[1]	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 Technologies Malaysia Sdn. Bhd.	Penang, Malaysia	MYR	3,000,000	100%	–
Object Research Systems (ORS) Inc.	Montreal, Canada	CAD	15,001,000	100%	–
Comet Solutions Taiwan Ltd.	Hsinchu County, Taiwan	TWD	5,000,000	100%	–

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

1 Company renamed to "Comet Technologies Denmark A/S" from "Yxlon International A/S".

Registered shareholders

At December 31, 2020, Comet Holding AG had 3,853 voting shareholders of record (i.e., voting shareholders registered in the share register; prior year: 3,932). Of the total issued registered stock, 100% (prior year: 100%) represented free float. Comet Holding AG thus held no treasury stock at December 31, 2020 (prior year: nil).

The structure of share ownership size classes among the shareholders of record at December 31, 2020 was as follows:

Number of shares	Number of shareholders
1 to 1,000	3,482
1,001 to 10,000	313
10,001 to 50,000	48
50,001 to 100,000	5
More than 100,000	5

This analysis includes only the stock of shareholders who were registered in the share register. At December 31, 2020 the shares of unregistered owners amounted to 36% of the total (prior year: 31%).

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 ⅓%, 50% and 66 ⅔% 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, 2020 the Company, according to disclosure notifications, had the following significant shareholders (defined for this purpose as shareholders with voting rights of 3% or more 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%
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 3% or more of its shares. To the best of the Company's knowledge, there were no voting pool agreements.

Reportable changes during the fiscal year

In the fiscal year, 14 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.

Capital structure

Capital stock

The capital stock at January 1, 2020 was CHF 7,764,208, divided into 7,764,208 registered shares with a par value of CHF 1.00 per share.

In fiscal year 2020 the capital stock was increased by 3,679 shares from the portion of authorized capital designated for equity-based compensation. Including the increase of 3,679 shares from this portion of authorized capital, Comet Holding AG at December 31, 2020 thus had a new total of CHF 7,767,887 of capital stock, divided into 7,767,887 registered shares with a par value of CHF 1.00 per share. The capital stock is fully paid in.

At its meeting on June 26, 2020, 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.

	2020		2019	
	Number of shares	**Par value in CHF**	Number of shares	Par value in CHF
January 1	7,764,208	7,764,208	7,759,882	7,759,882
Increase in capital from the portion of authorized capital designated for equity compensation	3,679	3,679	4,326	4,326
December 31	7,767,887	7,767,887	7,764,208	7,764,208

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

Authorized capital for equity-based 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 2020, in accordance with the compensation plan, the members of the Board of Directors were granted a total of 1,751 shares of stock in payment of CHF 176,028 of fixed retainers due for fiscal year 2019. In addition, as part of their compensation for 2020, the members of the Board of Directors were granted a total of 873 shares in payment of CHF 87,763 of fixed retainers due for the period from January 1, 2020 to the 2020 Annual Shareholder Meeting. The fully paid shares were applied to the retainers due at a price of CHF 100.53 per share.

Members of the Executive Committee were granted a total of 1,055 shares in payment of CHF 106,059 of profit-sharing compensation due for fiscal year 2020. The fully paid shares were applied to the compensation due at a price of CHF 100.53 per share.

As a result of these grants of a total of 3,679 shares made in 2020, the Company's unissued authorized capital for equity-based compensation showed the following movement:

	2020		2019	
	Number of shares	**Par value in CHF**	Number of shares	Par value in CHF
January 1	198,912	198,912	203,238	203,238
Increase in capital (awards to Board of Directors for prior term's retainer and to Executive Committee for prior year's profit-sharing compensation)	(3,679)	(3,679)	(4,326)	(4,326)
December 31	195,233	195,233	198,912	198,912

At the end of the year, the remaining unissued authorized capital for equity-based compensation was CHF 195,233, or 2.5% of the existing capital stock.

Authorized capital for other capital increases

At December 31, 2020, 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 23, 2022, to increase the capital stock by a maximum of CHF 0.8 million by issuing up to 800,000 fully payable registered shares with a par value of CHF 1.00 per share, which represents 10.3% 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.

Changes in shareholders' equity

Over the last three years, the shareholders' equity of Comet Holding AG showed the following movements:

In thousands of CHF	Capital stock	General legal reserve	Distributable paid-in capital	Free reserve	Retained earnings	Total shareholders' equity
December 31, 2017	**7,754**	**4,967**	**19,233**	**–**	**89,323**	**121,276**
Net income	–	–	–	–	17,156	17,156
Distribution from distributable paid-in capital	–	–	(11,630)	–	–	(11,630)
Increase in capital stock	6	–	831	–	–	837
December 31, 2018	**7,760**	**4,967**	**8,434**	**–**	**106,479**	**127,639**
Net income	–	–	–	–	14,044	14,044
Distribution from distributable paid-in capital	–	–	(7,760)	–	(1,552)	(9,312)
Increase in capital stock	4	–	420	–	28	452
December 31, 2019	**7,764**	**4,967**	**1,093**	**–**	**118,999**	**132,823**
Net income	–	–	–	–	12,522	12,522
Distribution from distributable paid-in capital and retained earnings	–	–		–	(7,764)	(7,764)
Increase in capital stock	4	–	447	–	–	450
December 31, 2020	**7,768**	**4,967**	**1,540**	**–**	**123,757**	**138,031**

The corresponding information for the prior two fiscal years is found on page 112 of the annual report 2018 and page 118 of the annual report 2019. Further information on movements in equity is presented in the consolidated statement of changes in equity on page 55 of this annual report.

Stock	The Company's capital stock at December 31, 2020 consisted of 7,767,887 registered shares with a par value of CHF 1.00 per share. The capital stock is fully paid in. With the exception of any treasury stock held by the Company, every share carries dividend rights. Each share represents one vote at the Shareholder Meeting, provided that the shareholder is recorded in the share register.
Participation certificates	The Company has not issued any participation certificates.
Dividend right certificates	The Company has not issued any dividend right certificates.
Convertible bonds and options	The Company has not issued any conversion rights or stock options.
Bond	On April 20, 2016, Comet Holding AG issued a bond in the amount of CHF 60 million (with a denomination of 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. The listing is on the SIX Swiss Exchange (Swiss security number 32 061 943, ISIN number CH0320619437, ticker symbol COT16).
Restrictions on transferability and nominee registration	The Company keeps a share register in which the shares' owners and beneficial owners and the number of their shares are recorded. The share register is operated on behalf of the Comet Group by Devigus Engineering AG. For the purposes of the legal relationship with the Company, shareholders or beneficial owners of shares are recognized as such only if they are registered in the share register. Purchasers of registered stock or of beneficial rights with respect to registered stock are upon their request recorded as voting shareholders in the share register by the Board of Directors if the purchasers state explicitly that they have acquired, and will hold, the stock or beneficial interest for their own account. Registration in the share register requires evidence of the acquisition of full legal title to the shares or evidence of the establishment of beneficial ownership. For the purpose of this condition, nominee shareholders (nominees) are deemed to be those persons who do not explicitly state in their registration application that they hold the shares for their own account. The Board of Directors registers nominees as holding voting shares only up to a maximum of 5% of the capital stock recorded in the Swiss commercial register of companies. Where legal entities or groups with joint legal status are connected by capital, voting rights, management or in some other manner, they are deemed to constitute a single nominee, as are all natural persons, legal entities or groups with joint legal status that by agreement, as a syndicate or in any other way act in a coordinated manner in circumventing the nominee rules. The Company may, after hearing the affected party, void registrations in the share register with retroactive effect from the date of registration if they were based on false information given by the purchaser. The purchaser must be informed of the deletion immediately. The Board of Directors determines the details of the application of these provisions and makes the arrangements necessary to ensure compliance with them. In special cases, the Board may approve exceptions to the nominee rules. In the year under review, no applica-

tions for such special treatment were received.

Management transactions

The Listing Rules of the SIX Swiss Exchange require the disclosure of management transactions in stock of the Company and related financial instruments. The Board of Directors has issued a corresponding regulation in order to comply with these requirements. The parties whose transactions of this nature are reportable to the Company are the members of the Board of Directors and of the Executive Committee (the Executive Committee is the most senior level of operational management). In the fiscal year, four disclosures were filed. Published disclosures can be found on the website of the SIX Swiss Exchange.

Board of Directors

The Board of Directors has ultimate responsibility for supervising the top-level operational management personnel of the Comet Group. The Board sets the Group's strategic goals and the guidelines for organizational structure and financial planning.

Composition of the Board of Directors of Comet Holding AG

On December 31, 2020, the Board of Directors of Comet Holding AG had the following five members:

	Nationality	Position on the Board	Member since	Elected until
Heinz Kundert	Swiss	Chairman and non-executive member	2019	2020
Rolf Huber Dipl. Ing. Agr. ETH	Swiss	Vice Chairman and non-executive member	2008	2020
Gian-Luca Bona Prof. Dr. sc. nat. ETH	Swiss	Non-executive member	2012	2020
Mariel Hoch Lawyer	Swiss	Non-executive member	2016	2020
Patrick Jany Business Administration, ESCP Paris	German	Non-executive member	2019	2020

Secretary of the Board (since 2010) and non-member of the Board: Ines Najorka, Vice President of Global Communications

Additional information on the members of the Board of Directors

The information below outlines the education, significant professional experience and current position of each Board member. Where a place name is not followed by a country or state, the country is Switzerland.

Heinz Kundert
(b. 1952, Swiss citizen)

Education
Degree in industry management from Institute of Technology in Architecture (ITA), Zurich; degree in marketing and general management from University of St. Gallen (HSG)

Professional experience
1981 to 1991: regional director Asia, Balzers AG; 1991 to 1999: division manager, Semiconductor and Data Storage, Balzers AG; 1999 to 2002: COO of Oerlikon-Bührle; 2002 to 2004: CEO of Unaxis AG; 2005 to 2015: VP of SEMI Intl. USA and president of SEMI Europe; 2015 to 2018: CEO of VAT Group

Rolf Huber
(b. 1965, Swiss citizen)

Education
Dipl. Ing. Agr. master's degree in agronomy from Swiss Federal Institute of Technology, Zurich

Professional experience
1993 to 1997: McKinsey & Company, Zurich; 1997 to 1998: member of executive management of Coop Switzerland; 1998 to 2001: CFO of Hero AG and Hero Group; since 2001: independent consultant and partner at Ceres Capital AG; from 2014 was CEO and since 2017 is chairman of H2 Energy AG, Glattpark/Zurich

Gian-Luca Bona
(b. 1957, Swiss citizen)

Education
Dipl. Phys. master's degree in physics from Swiss Federal Institute of Technology (ETH), Zurich and Dr. sc. nat. doctorate in physics from ETH, Zurich

Professional experience
1987 to 2002: IBM Research Laboratory, Rüschlikon; 2002: IBM Watson Research Center, Yorktown Heights, NY; 2003 to 2004: research manager, Photonics Networks, IBM Research Laboratory, Rüschlikon; 2004 to 2008: research functional manager, Science and Technology, IBM Almaden Research Center, San José, CA; 2008 to 2009: director of tape storage solutions, IBM, Tucson, AZ; since September 2009: CEO of Empa (the Swiss Materials Science & Technology Laboratory) and professor of photonics at the Swiss Federal Institutes of Technology (ETH, Zurich and EPF, Lausanne)

Mariel Hoch
(b. 1973, Swiss and German citizen)

Education
Admitted to the Zurich bar in 2005; Dr. iur doctorate in law from University of Zurich and Lic. iur degree in law from University of Zurich

Professional experience
Partner at the law firm Bär & Karrer AG, Zurich

Patrick Jany
(b. 1968, German citizen)

Education
Degree in business administration from École Supérieure de Commerce de Paris (ESCP)

Professional experience
1990 to 2006: Various positions at Sandoz, later Clariant, including CFO for ASEAN region, head of country organization of Clariant Mexico, and head of corporate development; 2006 to 2020: CFO and member of the Executive Committee of Clariant AG; since May 2020: EVP and CFO at A.P. Moller-Maersk A/S

Operational management functions

Effective September 1, 2020, Kevin Crofton was appointed Chief Executive Officer, taking over the role from Heinz Kundert. As well, Elisabeth Pataki became Chief Financial Officer on October 1, 2020.

At the prior year's balance sheet date of December 31, 2019, Board Chairman Heinz Kundert was also interim CEO of the Comet Group and interim president of the ebeam Technologies (EBT) division. No other members of the Board of Directors held operational management positions in the Comet Group. In the three years immediately preceding the year under review, none of the current Board members was a member of the Executive Committee of the Comet Group.

Related party transactions

The Board members had no material business relationships with the Comet Group.

Activities and interests outside the Group

Section 27 of the Bylaws, which have been revised for compliance with the OAEC and approved by the Shareholder Meeting, specifies the allowable number of other, external positions that members of the Board of Directors may hold on top management or supervisory bodies, as follows:

- Members of the Board of Directors may each not hold more than five external positions on top management or supervisory bodies of listed (i.e., exchange-traded) companies and not more than seven such external positions in non-listed companies.
- Members of the Board of Directors may each not hold more than ten such positions in associations, non-profit foundations, family foundations and employee pension funds.
- Positions in companies controlled by Comet Holding AG, or positions controlled by it, are not subject to restriction.

At December 31, 2020 the members of the Board of Directors had the following additional positions on top management or supervisory bodies of significant Swiss and foreign private sector and public sector companies, institutions and foundations:

Heinz Kundert
Board vice chairman, VAT Group, Haag; board member, Variosystems AG, Steinach; advisory board member, Fraunhofer Group for Microelectronics, Berlin, Germany.

Gian-Luca Bona
Board member, Bobst Group SA, Mex, Switz.; board member, Technopark Zürich Foundation; member, ETH Board (the board of the Swiss Federal Institutes of Technology); chairman, glaTec technology center, Dübendorf; board member, Innovation Park Zurich foundation; advisory council member, German Federal Institute for Materials Research and Testing (BAM), Berlin

Mariel Hoch
Board member and member of the audit and risk committee and compensation committee, SIG Combibloc Group AG, Neuhausen am Rheinfall; board member and member of the audit committee, Komax Holding AG; board member, MEXAB AG; board member, The Schörling

Foundation, Lucerne; co-chair, Human Rights Watch Committee, Zurich

Board elections and terms

Under the Bylaws of Comet Holding AG, its Board of Directors must have at least five members. The Board members are elected by the Annual Shareholder Meeting for a one-year term. They are individually elected when standing for election or re-election. The Shareholder Meeting also elects one member of the Board of Directors as the Chairman of the Board, and elects the members of the Nomination & Compensation Committee.

The term of office ends at the conclusion of the next Annual Shareholder Meeting. Re-election for consecutive terms is permitted. If elections are held during a term to replace or add Board members, the newly elected members serve for the remainder of the current term.

The Bylaws are in accordance with the legal requirements of the OAEC.

Internal organization

Except for the election of the Board Chairman and the members of the Compensation Committee by the Shareholder Meeting, the Board of Directors constitutes itself at its first meeting after its election or re-election by the Shareholder Meeting. The Board appoints its Vice Chairman, the members of the other Board committees and the Board Secretary. The Secretary need not be a member of the Board. The Board meets at the invitation of the meeting's chairperson as often as business requires, or when requested by a Board member in writing for a stated purpose. The Board has a quorum when the majority of members are present.

The Board passes its resolutions and performs its elections by an absolute majority of votes cast. In the event of an equality of votes, the chair of the meeting has the casting vote. Resolutions on a motion may alternatively be reached in writing if no Board member objects to this method. Minutes must be kept of the deliberations and resolutions and be signed by the meeting's chair and the Board Secretary. The minutes are submitted to the Board for approval at its next meeting. The Bylaws are in accordance with the legal requirements of the OAEC.

Functioning of the full Board of Directors
A total of six regular meetings of the full Board were held in the year, as well as several teleconferences. In addition, several meetings of the Board committees were held. An overview of the meetings of the Board of Directors and the members in attendance is found on page 133.

The Board of Directors is regularly kept informed of the course of business by the CEO and CFO at its meetings, and also on an ad hoc basis as needed. Other members of the Executive Committee, other management staff and specialists of the Comet Group regularly attend Board meetings to report on particular projects in their area of responsibility. As well, external advisors are consulted as required to deal with specific matters. The Board receives monthly written financial reports on the current business performance.

Board committees
In fiscal year 2020 the Board committees had the following members:

Committee	Members
Nomination & Compensation Committee (NCC)	Mariel Hoch (Committee chair)
	Rolf Huber
Audit Committee (AC)	Patrick Jany (Committee chair)
	Rolf Huber (beginning April 2020)
	Franz Richter (until April 2020)
Technology Committee (TC)	Gian-Luca Bona (Committee chair)
	Christoph Kutter (until April 2020)

Every committee normally consists of at least two members of the Board. The members of the Nomination & Compensation Committee (NCC) are elected anew every year by the Annual Shareholder Meeting. The members of the other committees are elected by the Board from among the Board members for a term of one year. Every committee normally meets at least twice per year, or as often as business requires. Reports to the full Board are made orally or in writing as required.

The committees' principal function is to prepare decision support for the full Board in special subject areas. At the regular meetings or as required, the full Board is kept informed of the activities of the individual committees. The overall responsibility for the tasks assigned to the committees remains with the full Board, which decides as a body on all proposals.

Nomination & Compensation Committee
The Nomination & Compensation Committee (NCC) is made up of two members of the Board, who are elected to the Committee yearly by the Annual Shareholder Meeting.

The term of office is one year. Re-election for consecutive terms is permitted. The NCC prepares all agenda items related to the nomination and compensation of Board members and Executive Committee members. The NCC itself does not make decisions, but prepares proposals for the approval of the full Board of Directors. The Committee has the following responsibilities in particular:

- Address both the compensation policy for the remuneration of the Board of Directors and Executive Committee, and the Comet Group's compensation structure
- Prepare the compensation report and support the Board of Directors in preparing resolutions for the Annual Shareholder Meeting for the approval of compensation
- Develop proposals for guidelines for the compensation of the Board of Directors and Executive Committee
- Review stock ownership plans and recommend adjustments as appropriate
- Propose new Board members and the Chief Executive Officer for appointment
- Provide support to the CEO in evaluating candidates for the Executive Committee

Additional responsibilities may be assigned to the Committee as required. The NCC convenes for at least two regular meetings per year. The NCC may hold additional meetings at its discretion. The Committee may invite other Board members, Executive Committee members and specialists to its meetings as required.

Audit Committee

The Audit Committee supports the full Board in exercising oversight of accounting and financial reporting and in monitoring compliance with legal requirements. The Committee has the following responsibilities in particular:

- Evaluate the structure and form of the Group’s accounting system
- Gauge the effectiveness of the independent auditors and the internal controls; evaluate the coordination of external and internal auditing, and review the performance and compensation of the external independent auditors
- Evaluate the effectiveness of risk management
- Review the financial reporting to shareholders and the public
- Issue directions to the internal audit function and, as may be required on a case-by-case basis by the resulting findings, issue directions to the Executive Committee

During the fiscal year, two meetings were held by the Audit Committee. They were attended by the external auditors, internal audit, the CEO and the Chief Financial Officer (CFO). The Committee may invite other Board members, Executive Committee members and specialists to its meetings as required.

Technology Committee

The Technology Committee provides support to the full Board in matters of technology. The Committee has the following responsibilities in particular:

- Monitor international developments in technology and evaluate the emerging trends for their relevance to the Comet Group
- Assess the Group’s internal research and development activities
- Ensure the Group holds at least one technology day or equivalent event per year

The Committee meets as often as business requires. In the year, the appraisal of technology sector developments, as well as the development measures taken by the Group, were regularly discussed with the division presidents in the course of the Board’s scheduled meetings and the Committee meetings.

Overview of the Board meetings and the members in attendance

Name	February	February	March		April	June	August		November	December
	BoD	BoD	AC	BoD	BoD	BoD	AC	BoD	BoD	BoD
Heinz Kundert	x	x	x	x	x	x	x	x	x	x
Christoph Kutter	x	x	x	x	x	--	--	--	--	--
Patrick Jany	x	--	x	x	x	x	x	x	x	x
Mariel Hoch	x	x	--	x	x	x	--	x	x	x
Rolf Huber	x	x	--	x	x	x	x	x	x	x
Gian-Luca Bona	x	x	--	x	x	x	--	x	x	x
Franz Richter	x	--	x	x	x	--	--	--	--	--

BoD: Regular meeting of the Board

AC: Audit Committee

x: attended

– -: not attended or not a member of the Board / Committee at that time

Division of authority

The Board of Directors is responsible for the overall direction and management of the Group and for the supervision of its most senior operational management. The non-delegable and inalienable duties of the Board of Directors are established by section 716a of the Swiss Code of Obligations. The Board's specific responsibilities and scope of authority are set out in the Company's organizational regulations (its Management Organization Manual). In particular, the Board of Directors has the authority to:

- Determine the Group's strategic direction and financial targets and allocate the resources required to achieve them
- Establish the Group's objectives, business policy and strategy, and organizational structure
- Approve the rolling short- and medium-term financial plans
- Approve the acquisition and disposal of subsidiaries and of equity interests in other companies, and approve collaborations with other firms
- Approve the purchase and sale of real estate
- Appoint and withdraw members of the Group's Executive Committee and the presidents of its subsidiaries and exercise oversight and control of their activities

The Board of Directors has delegated all operational management of the Group to the CEO and the Executive Committee, except as otherwise required by law or the Company's Bylaws. The CEO and Executive Committee have the necessary powers to execute the business strategy within the parameters set by the Board of Directors. In particular, the CEO has the authority to:

- Manage the Comet Group, implement the Board's strategic directions and decisions, and ensure timely and appropriate reporting to the Board
- Develop business targets within the general objectives established by the Board and present proposals for the rolling forecasts and for the strategic multi-year planning

- Request items of business to be placed on the agenda of Board meetings, prepare such business for transaction by the Board, and ensure the implementation of the Board's decisions
- Implement an internal control and management information system based on the specifications of the Board
- Regularly review the business risks, and establish a Board-approved risk management system for this purpose
- Regularly review the degree of achievement of the financial targets and strategic goals, as well as the Group's liquidity
- The members of the Executive Committee report to the CEO

Monitoring and control with respect to the Executive Committee

The Chairman of the Board may attend the meetings of the Executive Committee and receives the minutes of all its meetings. The Board also receives regular reports on the course of business from the Executive Committee at Board meetings. In the case of extraordinary events, the Executive Committee informs the Board immediately. The CEO and CFO attend all regular meetings of the Board. At least one to two times per year, in the context of Board meetings, the other members of the Executive Committee also report to the Board on their business area.

Management information system

The monthly financial reporting by the Executive Committee on the current course of business and important transactions gives the full Board of Directors the information needed to properly discharge its responsibilities. The standardized internal reporting of the Comet Group consists of the IFRS-based consolidated balance sheet, statement of income and cash flow statement, as well as detailed management reporting. Complementing the monthly consolidated financial statements and a comprehensive range of financial ratios, the management reporting presents and comments upon additional information such as new orders and order backlog, staffing levels and accounts past due, provided in table and chart form. This data is presented both by division and on a consolidated basis for the Group and is compared to the prior year and the rolling forecast. The resulting insights and actions are discussed monthly by the Executive Committee. All monthly financial statements are submitted to the Board of Directors, which discusses them at its meetings.

As a longer-term control tool, a rolling multi-year plan is prepared annually for the subsequent three years. In addition, every quarter, management generates a rolling forecast for the following five quarters.

These forward-looking control tools, which are accompanied by detailed commentary and documented with charts, enable the Board to continually evaluate the financial effectiveness of the adopted business strategy and then to take action if and as required.

Internal audit

Since 2006 the internal audit function is performed on a consulting basis by Robert Kruijswijk, who is based in Elgg, Switzerland. His compensation is determined by the amount of work performed. In the year under review, Robert Kruijswijk carried out various audits at a number of locations. The reporting is based on the audit priorities newly approved by the Board each year. The nature of the coordination and cooperation between the internal audit function and the external audit firm, complete with the identification of the respective responsibilities, has been specified in writing and approved by the Board.

The following audits were performed in the fiscal year:

- Data protection and GDPR, Flamatt
- Yxlon order fulfilment
- Yxlon production
- Group Legal
- Legal entity in Korea
- IT

The internal auditor reports directly to the Audit Committee of the Board of Directors, at least twice per year and more frequently as required. On completion of each audit, an audit report is prepared and is discussed in the Executive Committee and reviewed with the national lead personnel responsible (typically the local company presidents responsible for the relevant business) and/or the persons directly affected by the audit, in order to initiate the implementation of the planned measures. The internal auditor then prepares a final audit report for the Board of Directors, with a corresponding action plan.

Risk management system
Risk management includes the annual evaluation of strategy by the Board and the assessment by the Executive Committee of insurance cover, of the general business risks and of the major balance sheet items. The approach to risk management is described in a risk strategy approved by the Board and is specified in a written risk management procedure for implementation by the Executive Committee. Under the direction of the CFO, the significant risks in the individual business areas and departments are identified in quarterly working group sessions and systematically described and categorized in a risk matrix. The risks are assessed using a risk rating based on the probability of occurrence and the potential severity of loss, as well as by calculating potential absolute financial risk. For the risks classified as important, action plans are formulated to minimize the probability and/or potential severity of loss. The Executive Committee of the Comet Group regularly reviews the effectiveness of the actions taken and decides on a potential updating of the risk portfolio. Newly identified risks are added to the portfolio and action plans are formulated to manage them. Through separate reports, the Audit Committee at each of its meetings is kept advised of the current assessment of the Group's risks.

Internal control system
In the fiscal year, where required, the Comet Group further expanded, trained or documented the existing system of internal control (the "internal control system"). The internal control system is in use at all levels of the enterprise and in all significant locations.

The significant risks and controls are in accordance with the objectives and quality requirements established by the Board of Directors. The staff members responsible for the internal control system have been designated Group-wide, the employees involved have been trained and the control functions clearly assigned. The controls have been integrated in the respective processes and are periodically tested for effectiveness, logical sense, and efficiency. This approach ensures that risks are detected at an early stage and that the necessary countermeasures can be taken swiftly thanks to the internal controls. The introduction of a uniform, systematic process for risk detection and assessment has enhanced the reliability and completeness of bookkeeping and the timeliness and dependability of financial reporting.

Executive Committee

The Executive Committee – the Group's most senior management below the Board level – is responsible for the operational management of the Comet Group within the powers delegated to it.

Effective September 1, 2020, Kevin Crofton assumed operational leadership of the Comet Group as CEO. And on October 1, 2020, Elisabeth Pataki became CFO, responsible for the financial management of the Comet Group.

As of December 31, 2020, the Comet Group's Executive Committee had the following seven members.

Kevin Crofton
(b. 1961, US & UK citizen) Chief Executive Officer since Sep. 1, 2020

Education
MBA in International Business, American University, Washington, DC, USA; Bachelor's degree in Aerospace Engineering, Virginia Tech University, VA, USA

Professional experience
2009 to 2020: President/CEO of SPTS Technologies, UK; 2006 to 2009: President and COO of Aviza Technology UK (a precursor to SPTS Technologies); 1994 to 2006: various executive management and divisional leadership positions at Newport Corporation, NEXX Systems and Lam Research Corporation, USA

Elisabeth Pataki
(b. 1981, US citizen) Chief Financial Officer since Oct. 1, 2020

Education
Bachelor of Science degree in Finance and Spanish, Boston College, Mass., USA; Master of Business Administration, The Wharton School of the University of Pennsylvania, USA

Professional experience
2015 to 2020: Global Head of Internal Audit, Switzerland, at EF Education First, and before that CFO North America, USA, at EF; 2008 to 2015: various senior management positions at Raytheon Company in USA and Europe, including CFO for NATO Business Line, France, part of a joint venture between Raytheon and Thales Group

Keighley Peters
(b. 1971, UK citizen) Chief Information Officer since Dec. 28, 2020

Education
Master of Sciences in Information Technologies, University of Liverpool, UK

Professional experience
2011 to 2020: Senior Director Global IT, SPTS Technologies, UK; previously CIO in interim functions, IT Services Associate Director, Global IT, Cenduit Ltd and IT Consultant for the pharmaceutical industry as well as in the insurance and IT services sectors

Eric Dubuis
(b. 1964, Swiss citizen) Chief Information Officer since Oct. 17, 2005

Education
Lic. phil. nat. degree in applied mathematics from University of Berne; Dr. phil. nat. doctorate in computer science from University of Berne; Executive MBA from University of Rochester, NY, USA

Professional experience
1998 to 2000: MTS and technical manager, Lucent Technologies, Bell Labs, NJ, USA; previously: various positions in software development; 2000 to 2003: director, Xebeo Communications, Inc., NJ; 2003 to 2005: senior software engineer, Akadia AG, Switzerland

Michael Kammerer
(b. 1961, Swiss citizen) President of Plasma Control Technologies division since Jan. 1, 2008

Education
Eidg. dipl. Einkäufer degree in procurement, SVME; MBA in strategy and procurement management from University of Birmingham, UK

Professional experience
1997 to 2000: head of purchasing and logistics, Von Roll Betec AG, Switzerland; 2000 to 2002: head of purchasing and logistics, Swisscom Solutions AG, Switzerland; 2002 to 2007: head of purchasing and supplier quality assurance, automotive, Saia-Burgess AG, Switzerland/ Johnson Electric, Hong Kong

Stephan Haferl
(b. 1972, Swiss and Norwegian citizen) President of X-Ray Modules division since Jan. 1, 2018

Education
Dr. sc. tech. doctorate in mechanical and process engineering from ETH Zurich; Advanced Management Program, The Wharton School of the University of Pennsylvania, USA

Professional experience
2002 to 2007: various management positions at the Bartec Group, Switzerland; from 2007: various management positions in Comet's X-Ray Technology business (VP of Supply Chain, VP of R&D, General Manager of Industrial X-Ray Technologies (IXT))

Thomas Wenzel
(b. 1965, German citizen)
President of X-Ray Systems division since Dec. 1, 2018

Education
Dipl. Informatiker degree in computer science (University of Erlangen, Germany); Dr. Ing. doctorate in materials science and materials engineering (Saarland University, Germany)

Professional experience
Until 2008 was group leader, development of x-ray inspection systems and, from then until 2015, department head, Process-Integrated Test Systems, Fraunhofer Development Center for X-Ray Technology, Germany; from 2015: at Comet as Technology Scout and Senior CT Expert

Activities and interests outside the Group

Section 27 of the Bylaws, which have been revised for compliance with the OAEC and approved by the Shareholder Meeting, specifies the allowable number of other, external positions that members of the Executive Committee may hold on top management or supervisory bodies, as follows:

- Members of the Executive Committee may each not hold more than one external position on the top management or supervisory body of an exchange-traded (i.e., listed) company and not more than four such external positions in non-listed companies.
- Not more than ten such positions may be held in associations, non-profit foundations, family foundations and employee pension funds.
- Positions in companies controlled by Comet Holding AG, or positions controlled by it, are not subject to restriction.

At December 31, 2020, Heinz Kundert held the following positions outside the Comet Group: Board vice chairman, VAT Group, Haag; board member, Variosystems AG, Steinach; advisory board member, Fraunhofer Group for Microelectronics, Berlin, Germany.

At December 31, 2020, Stephan Haferl was also a board member of Belimed AG, Zug.

The other members of the Executive Committee did not hold positions outside the Comet Group on management or supervisory bodies of significant Swiss or foreign private sector or public sector companies, institutions or foundations at the balance sheet date. Some members of the Executive Committee held board positions at subsidiaries of the Comet Group.

Related party transactions

There were no business transactions between members of the Executive Committee and related parties.

Interim management contracts

No interim management contracts existed in the Comet Group.

Compensation, stock ownership and loans

OAEC-related provisions in the Bylaws

Detailed information on the compensation of the Board of Directors and Executive Committee under section 663c of the Swiss Code of Obligations is provided in the separate compensation report from page 153.

Sections 21 to 28 of the Bylaws govern compensation approval, the compensation of the Board of Directors and Executive Committee, the composition of performance-based compensation, and the terms of stock awards.

Every year, the Board of Directors submits its proposals for the maximum aggregate amounts of compensation for approval to the Annual Shareholder Meeting:

- The compensation of the Board of Directors for the coming term of office
- The fixed compensation of the Executive Committee for the next fiscal year after the year of the Annual Shareholder Meeting
- The performance-based compensation of the Executive Committee for the last fiscal year before the year of the Annual Shareholder Meeting, consisting of an annual variable element under a short-term incentive plan (STIP) and a multi-year variable element under a long-term incentive plan (LTIP).

To any new member joining the Executive Committee during a period for which the Shareholder Meeting has already approved the compensation, Comet Holding AG or its subsidiaries are authorized to pay an additional amount if the already approved maximum aggregate amount is not sufficient to cover the compensation. The aggregate additional amount per compensation period must not exceed 40% of the approved maximum aggregate amount of compensation of the Executive Committee.

The Bylaws of the Company do not contain specific provisions on the granting of loans, other credit and pension benefits to members of the Board of Directors and Executive Committee or their related parties.

The composition of the performance-based compensation is governed by section 24 of the Bylaws as follows:

- The aggregate amount of variable compensation paid to all members of the Executive Committee of the Comet Group is based on a percentage of the consolidated net income of the Comet Group.
- Part of the aggregate amount (between 50% and 75%) is paid out annually in cash (short-term incentive).
- Part of the aggregate amount (between 25% and 50%) is paid out annually in stock of the Company with a three-year holding period (short-term incentive).
- This annually determined number of shares with a holding period can, depending on the degree of achievement of medium-term performance targets, be supplemented with additional shares that are not subject to a holding period (long-term incentive). The evaluation of achievement of these medium-term performance

targets takes into account the degree of target achievement in a peer group of comparable companies.
- The Nomination & Compensation Committee specifies the details in a written set of regulations that requires the approval of the full Board.

The terms and procedures of stock compensation settlement are governed by section 25 of the Company's Bylaws as follows:

- The grant price of the stock is calculated as the average share price of Comet Holding AG in the period between (and excluding) the date of the annual results press conference and the date of the Annual Shareholder Meeting.
- The Board of Directors may terminate the current holding periods early (for example, in the event of a change of control).

Decision authority and responsibility for compensation

The design and regular review and evaluation of the compensation system are the responsibility of the Nomination & Compensation Committee (NCC).

Subject to the limits of the maximum aggregate amounts approved by the Annual Shareholder Meeting, the Board of Directors annually prepares the compensation proposals, as follows:

Decision on	CEO	NCC	Board of Directors	Shareholder Meeting
Compensation policy and guidelines under the Bylaws		Proposes	Approves	
Maximum aggregate compensation of the Board of Directors		Proposes	Reviews	Binding vote
Individual compensation of Board members		Proposes	Approves	
Fixed compensation of the CEO		Proposes	Approves	Binding vote as part of vote on aggregate fixed compensation of Executive Committee
Fixed compensation of the other members of the Executive Committee	Proposes	Reviews	Approves	Binding vote as part of vote on aggregate fixed compensation of Executive Committee
Profit-sharing and LTIP plans of the CEO		Proposes	Approves	Binding vote as part of vote on aggregate variable compensation of Executive Committee
Profit-sharing and LTIP plans of the other members of the Executive Committee	Proposes	Reviews	Approves	Binding vote as part of vote on aggregate variable compensation of Executive Committee

On behalf of the Board of Directors, the external audit firm verifies whether the quantitative disclosures on compensation, loans and other credit made in the compensation report pursuant to sections 14–16 OAEC comply with the law and the OAEC.

Market comparison criteria
The Comet Group strives for market levels of compensation, and compensation packages are periodically evaluated by specialized consulting firms against benchmarks. This applies to the compensation both of the Board and of the Executive Committee. The Nomination & Compensation Committee periodically compares the mix of the individual components of remuneration and the amount of total compensation with the respective industry environment and, taking its findings into account, submits proposals to the Board of Directors.

Structure of the compensation system

The compensation system, which applies worldwide, governs the profit-sharing compensation for all eligible employees. The details of the system are set out in Board-approved regulations. In the year under review, the profit-sharing criteria under the STIP were the sales growth and net income of the Comet Group. The Board of Directors itself receives only a fixed retainer.

Compensation system for employees

The compensation system for the employees of the Comet Group (including the Executive Committee) has two main elements: All employees receive fixed compensation, and all employees eligible for profit-sharing under the STIP may earn a performance-based pay component.

Calculation of total profit-sharing pool

The total amount of STIP profit-sharing compensation is determined as a percentage of the consolidated net income of the Comet Group. This percentage rate is dependent upon the Group's rate of sales growth compared with the prior year. For fiscal year 2020 the percentage rate was determined according to the following model (unchanged from the prior year):

Sales growth	Percentage of net income
Less than 5%	15%
5% – 15%	Linear increase between 15% and 25%
More than 15%	25%

At least 80% of the profit-sharing pool is allocated among the employees (including the members of the Executive Committee of the Comet Group), using a general allocation formula. Up to an aggregate maximum of 20% of the profit-sharing pool may be allocated selectively to individual employees (including the members of the Executive Committee), using an individual allocation formula. This is to enable the Board and the CEO to recognize individual performance distinctively. Performance is evaluated in the sole discretion of the Board and CEO, at the end of the fiscal year, and a decision is made on whether to allocate part or all of the 20% individual allocation pool to individual employees. The unused portion of the individual allocation pool is also distributed by the general allocation formula.

Compensation groups and calibration

The employees eligible for profit-sharing are assigned to one of five compensation groups. These five groups are the CEO, the other members of the Executive Committee, and (subdivided into three groups) the other eligible employees. Each compensation group is assigned a different multiplier. Within a given compensation group, the same multiplier is used for each member of the group. This multiplier represents the weighting assigned to the member of the compensation group in the allocation of the total profit-sharing pool. The values of the individual multipliers are set by the Board of Directors of Comet Holding AG. For each employee the percentage share of the total profit-sharing pool can thus be calculated, based on the individual's position (which determines the assignment to a compensation group) and gross annual base salary.

The Board of Comet Holding AG has the authority to adjust the calibration of the profit-sharing so as to reflect the performance of the Comet Group. When doing so, the Board ensures the adjustment is fair to all participants. The calibration is normally reviewed every three years and adjusted if appropriate.

Precondition for payment of profit-sharing compensation

A precondition for paying any profit-sharing compensation is that, after the accrual of this distribution, the Comet Group is still able to report positive consolidated net income.

Compensation system for the Board of Directors

Every year, the Board of Directors submits its proposal for the maximum aggregate amount of Board compensation to the Annual Shareholder Meeting for approval.

Responsibility and procedure

The amounts of Board members' compensation are set to reflect the industry environment and are regularly reviewed against benchmarks. The latest such review was performed in fiscal year 2017. The compensation details are specified in a Board-approved compensation plan in the form of regulations.

Fixed retainer

For their service on the Board of Directors, the Board members receive a fixed retainer. A flat expense allowance is provided, which is paid in cash.

Stock compensation

Two-thirds of the fixed retainer is paid in cash and one-third is paid in shares of stock. The stock awarded is subject to a holding period of three years during which it cannot be sold.

In CHF (gross)

	Cash portion of retainer (two-thirds)	**Stock portion of retainer (one-third)**	**Total reported value of compensation**	**Flat expense allowance (additional)**
Chairman of the Board	132,000	66,000	198,000	8,000
Member of the Board	66,000	33,000	99,000	4,000

Additionally, the actual employer contributions to social security plans are paid.

Joining and departure of Board members

Board members' normal term of office begins on the date following the day of the Annual Shareholder Meeting that elects them and ends on the date of the next Annual Shareholder Meeting. When a new member joins the Board of Directors, the compensation is paid on a pro-rated basis from the day of election. If a member leaves the Board before the end of a term, the retainer is calculated on a pro-rated basis to the date of departure. In the case of pro-rated retainers as well, two-thirds is paid in cash and one-third is paid in stock.

Compensation system for the Executive Committee

The compensation of the Executive Committee is specified in Board-approved regulations. Every year, the Board of Directors submits its proposals for the maximum aggregate amounts of Executive Committee compensation to the Annual Shareholder Meeting for approval, specifically:

- Prospectively, the fixed compensation of the Executive Committee for the next fiscal year after the year of the Annual Shareholder Meeting

- Retrospectively, the performance-based compensation of the Executive Committee for the last fiscal year before the year of the Annual Shareholder Meeting

Type of compensation	Form of delivery	Purpose	Drivers
Fixed compensation	Monthly payment in cash	Pay for position	Nature and level of position, individual qualifications, market conditions
Short-term Profit-sharing plan (STIP)	Annual payment in cash	Profit-sharing based on corporate financial results	Corporate financial results in terms of profitable growth
Short-term Profit-sharing plan (STIP)	Annual payment in stock (with holding period)	Long-term alignment with interests of shareholders	Corporate financial results in terms of profitable growth
Long term incentive plan (LTIP)	Annual payment in stock (without holding period)	Long-term alignment with interests of shareholders	Corporate financial results relative to the peer group in terms of achievement of two performance targets for growth and profitability over a 3 year period
Social benefits	Company pension, social security contributions, short-term disability and accident insurance	Risk protection	Local legislation and voluntary benefits in line with market
Flat expense allowance	Monthly payment in cash	Defraying of minor expenses	Local legislation, tax authorities
Benefits in kind	Costs paid directly by company or reimbursed in cash	Pay for position	Local market practice

Responsibility and procedure

The Nomination & Compensation Committee prepares a specific proposal for the amounts of the individual fixed compensation of the CEO and each of the other Executive Committee members, for approval by the full Board of Directors. The CEO recommends the amounts of fixed compensation for the other Executive Committee members to the NCC. The NCC also bases its proposals on general experience and on levels of compensation at peer companies. The full Board periodically reviews, sets and approves the compensation levels, based on the proposal of the NCC. The latest such review was performed in fiscal year 2020 with support from an internationally recognized consulting firm. The review involved a benchmarking assessment of total direct compensation levels for positions on the Executive Committee.

The profit-sharing compensation is based on the regulations approved by the Board of Directors. The members of the Executive Committee do not attend the compensation-related Board meetings and do not have a say in their compensation.

Fixed compensation

All members of the Executive Committee receive fixed compensation that is paid monthly, as well as a flat expense allowance. The fixed compensation is determined by the individual's amount of responsibility, role, performance, experience and skills, and by local market conditions. These elements of compensation are paid in cash.

Short-term profit-sharing compensation (STIP)

In addition to the fixed compensation, the Comet Group's employee profit-sharing plan provides a performance-related short-term incentive pay component (STIP), of which one-third is paid in stock. The stock awarded is subject to a holding period of three years during which it cannot be sold. The balance of the STIP amount is paid in cash.

Calculation of short-term profit-sharing compensation (STIP)
An individual Executive Committee member's share of the total profit-sharing pool (under the STIP) is calculated using the following model:

a) Calculation of individual's percentage share of total profit-sharing pool

$$\frac{\textbf{Gross base salary of employee} \times \textbf{multiplier} \times \textbf{100}}{\textbf{Total weighted gross salaries of all staff}^{1}} = \textbf{\% share of total profit-sharing pool}$$

[1] Represents the aggregate of the multiplier-weighted gross salaries of all employees and the retainers of the Board of Directors.

b) Calculation of effective profit-sharing compensation

% share of total profit-sharing pool × amount of profit-sharing pool that is actually distributed

The calculation of an individual's effective profit-sharing compensation is based on that portion of the total profit-sharing pool which has been allocated by the general allocation formula. In addition to that general portion, the Board of Directors may award an individual share of profit. Profit-sharing awards to the CEO and the other members of the Executive Committee are approved by the Board, with ratification by the shareholders at the Annual Shareholder Meeting as part of a binding vote on the aggregate compensation of the Executive Committee.

Joining and departure of Executive Committee members

Members joining the Executive Committee intra-year participate in profit-sharing on a pro-rated basis. In the event of departures from the Executive Committee, the amount due is calculated based on the approved consolidated financial statements and is paid out in stock and cash upon approval of the profit-sharing compensation by the Annual Shareholder Meeting

Terms of employment
The members of the Executive Committee have employment agreements with a notice period of not more than nine months. There is no entitlement to termination benefits of any kind.

Long-term profit-sharing compensation (LTIP)

The aim of the long-term incentive plan (LTIP), which was introduced in fiscal year 2017, is to tie the CEO and the other members of the Executive Committee more closely to the company and to strengthen the alignment of part of their compensation with the achievement of long-term corporate targets. Stock transferred under the LTIP does not have a holding period.

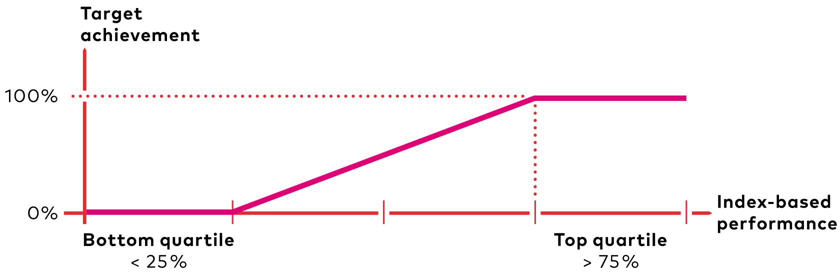
Structure of the LTIP
The amount of the LTIP compensation is dependent on the value of the stock earned as short-term profit-sharing compensation (STIP) in the previous three years. LTIP stock is granted each year based on the extent to which the performance targets for the previous three years were achieved. The LTIP amount is based on performance against the following two targets:

- a growth target (T1) and
- a profitability target (T2)

Target achievement is measured relative to a group of comparable listed Swiss manufacturing companies.

Calculation of the LTIP

For both targets, target achievement is assessed by measuring the index-based relative performance, thus comparing the Comet Group's performance with that of the companies in the peer group. The degree of target achievement is 0% if the Comet Group's result is in the bottom quartile of the index (i.e., among the 25% of companies with the lowest performance). Target achievement is 100% (the maximum) if the result attained is in the top quartile of the index (i.e., in the top 25% of all companies). If the result lies between these two outcomes, the percentage of target achievement is interpolated on a straight-line basis between 0% and 100%.



The value of the stock granted under the LTIP is based on the average annual achievement of the two performance targets (T1 and T2, in percent) multiplied by the average annual value of the stock (VS) actually transferred to employees in the preceding three years as STIP short-term profit-sharing compensation, multiplied by a calibration factor C:

LTIP = $(T_1+T_2)_s{*}V_s{*}C$

Growth target T_1: The growth target is defined in terms of the compound annual growth rate (CAGR) of sales for the respective last three years. The performance on this metric is compared with that of the peer group (a group of manufacturing firms listed on the Swiss stock exchange). The achievement of the growth target is measured by the relationship of the average CAGR of the Comet Group over the last three years to the results of the peer group.

Profitability target T_2: The profitability target is defined in terms of the average ratio of ROCE to WACC for the respective last three years (ratio of return on capital employed to weighted average cost of capital). The performance on this metric is compared with that of the peer group (a group of manufacturing firms listed on the Swiss stock exchange). The achievement of the profitability target is measured by the relationship of the average ROCE/WACC ratio of the Comet Group over the last three years to the results of the peer group.

Calibration factor C: The calibration factor is set by the Board of Directors. The calibration is normally reviewed every three years and, when necessary, adjusted so that the long-term incentive corresponds to the performance of the company and the purpose of the LTIP. When doing so, the Board ensures the adjustment is fair to all participants.

Calculation of the value V_S of the average annual amount of STIP stock transferred: The amount of stock transferred under the LTIP is based on the value of the stock transferred under the short-term profit-sharing plan (STIP) over the last three years. That value of transferred STIP stock is measured as of the time of its transfer.

For determining the amount of LTIP stock to be transferred in year n, the underlying average annual value of STIP stock, V_S, is calculated as follows:

$V_s = ⅓ (V_{n-2}+V_{n-1}+V_n)$

Where V_{n-2} represents the value of the stock transferred in year n-2, V_{n-1} represents the value of the stock transferred in year n-1, and V_n represents the value of the stock transferred in year n.

Determination of target achievement
Target achievement is determined at the end of each year. As the data for the peer group companies only becomes available with a time lag, the current year-end data for the Comet Group is compared with that data for the peer group which is available at December 31.

Intra-year joining or departure
The amount of stock to be transferred under the LTIP is based on the amount of stock already actually transferred under the STIP short-term profit-sharing plan and is thus inherently pro-rated in the case of an intra-year hire or promotion. Employees who have given or received notice of termination of employment are not entitled to the LTIP compensation for the year of their departure.

Disbursement of the LTIP
The long-term profit-sharing compensation is disbursed on the basis of the approved consolidated financial statements and the approval of the profit-sharing compensation by the Annual Shareholder Meeting of Comet Holding AG in the subsequent year.

Changes of control
In the event of a public tender offer for the stock of Comet Holding AG, the LTIP compensation for the fiscal years that are not yet compensated under the LTIP at the time the public tender offer is validly made is paid entirely in cash instead of stock.

Upper limit for profit-sharing compensation

There are individual upper limits on the total profit-sharing compensation of the CEO and the other members of the Executive Committee. The upper limit thus caps the individual's combined total of short-term (STIP) and long-term (LTIP) profit-sharing compensation. For the CEO this maximum (the upper limit for the combined total of STIP compensation and LTIP stock) is 200% of the fixed compensation. For each of the other members of the Executive Committee, this upper limit for the combined total of STIP compensation and LTIP stock is 150% of the fixed compensation.

Calculation of grant price for stock awards to the Board of Directors and Executive Committee

The grant price, at which the stock is awarded and transferred to recipients, is the average closing market price of the stock in the period between (and excluding) the date of the annual results press conference and the date of the Annual Shareholder Meeting. The stock transferred to the Executive Committee members under the STIP, and the stock transferred to the Board members, is subject to a holding period of three years from the date of the award during which it cannot be sold. All other shareholder rights are already effective during the holding period, including rights to dividends and similar distributions and the right to participate in Shareholder Meetings. The stock transferred to the Executive Committee members under the LTIP does not have a holding period.

Shareholders' participation rights

Shareholders' participation rights (such as rights with respect to voting), are set down in the Swiss Code of Obligations, and this legal framework is supplemented by provisions in the Bylaws of the Company. The Bylaws of Comet Holding AG, which have been adjusted to reflect the legal requirements under the OAEC, can be found on the Company's website at https://www.comet-group.com/en/investors/downloads

Registration in the share register

In accordance with section 12 of the Bylaws, in the notice of the Shareholder Meeting the Board of Directors announces the record date (at which registration in the share register is required for participation in and voting at the meeting) and the details of the written and electronic proxies and instructions.

The share register is closed to new entries from then until and including the day of the Shareholder Meeting. No exception to this rule was made in the year under review nor at any previous Shareholder Meeting. Shareholders who sell their stock before the Shareholder Meeting are not entitled to vote the shares sold.

Voting rights restrictions

Each share that is registered carries one vote, subject to the provisions on nominee shareholders in section 5 of the Bylaws. The Board of Directors registers nominees as holding voting shares only up to a maximum of 5% of the capital stock recorded in the Swiss commercial register of companies.

Proxy voting

At the Annual Shareholder Meeting, the shareholders elect an independent proxy. The term of office of the independent proxy is one year, ending at the conclusion of the next Annual Shareholder Meeting. Reelection for consecutive terms is permitted.

The Board of Directors ensures that the shareholders have the ability to also use electronic means to authorize and instruct the independent proxy.

A shareholder may be represented at the Shareholder Meeting by the independent proxy, by the shareholder's legal representative or – under a written power of attorney – by another shareholder entitled to vote.

Powers of attorney and instructions may be given in writing or, to the independent proxy, may also be given electronically.

Quorums under the Bylaws

Except as otherwise required by law, the Shareholder Meeting passes resolutions and conducts its voting by an absolute majority of the votes represented, excluding blank or invalid ballots. A second round of voting, if any, is decided by a relative majority. The Bylaws of Comet Holding AG do not provide for resolutions that would require a different type of majority in order to be passed, with the exception of resolutions named in section 704 of the Swiss Code of Obligations.

Calling of the Shareholder Meeting

The Shareholder Meeting is called by the Board of Directors or, if necessary, by the independent auditors. Notice of the Shareholder Meeting is sent to the shareholders of record by mail at least 20 days before the meeting date.

Placing business on the Shareholder Meeting agenda

Shareholders' requests under section 699 para. 3 of the Swiss Code of Obligations to place business on the Meeting agenda, and the actual shareholder proposal involved, must be submitted to the Board of Directors in writing no later than 35 days before the Shareholder Meeting in question.

Changes of control and takeover defenses

Requirement to make a public tender offer

Under section 32 para. 1 of the Stock Exchange Act (BEHG), any party whose shareholding reaches 33 ⅓% or more of all voting rights must make a public tender offer. The Bylaws of Comet Holding AG contain neither an opting-up clause nor an opting-out clause; this means that they neither raise this percentage threshold, nor waive the requirement of a tender offer.

Provisions on changes of control

With respect to members of the Board of Directors and the Executive Committee, there are no contractual obligations of unusually long duration, nor provisions for termination benefits, that would result from a change of control. Under the stock ownership plan, the Board of Directors may in its discretion decide to early-terminate the holding period for the stock awarded as performance-based compensation. In all cases, the holding period automatically ends at the time of termination of employment if the termination is the result of a change of control.

Auditors

Duration of independent auditors' engagement and tenure of lead audit partner

Ernst & Young AG (EY), Berne, have been the independent auditors of Comet Holding AG since 1999. The lead audit partner, Roland Ruprecht, has been responsible for the engagement since fiscal year 2017. The rotation cycle for the lead audit partner at EY is seven years. The independent audit firm is elected by the Shareholder Meeting for one fiscal year at a time.

Audit fees

EY received the following compensation for services in connection with auditing the consolidated financial statements and as the independent audit firm for most Group companies:

In thousands of CHF	2020	2019
Audit fees	370	358

Including the other audit firms, the total audit fees in the year under review amounted to CHF 437 thousand (prior year: CHF 428 thousand). The audit fees are set annually upon discussion with the Audit Committee and are based on the audit scope at the individual Group companies, any special in-depth audits, and the auditing of protection against specifically identified risks.

Other fees

In the fiscal year, EY received the following compensation for consulting services in connection with accounting and tax matters:

In thousands of CHF	2020	2019
Audit-related consulting services	10	22
Tax consulting services	254	255
Total consulting services	**264**	**277**

Monitoring of the independent auditors by the Board of Directors

The Audit Committee of the Board of Directors annually reviews the performance, compensation and independence of the audit firm. The Committee also examines the scope of the independent audit, reviews action plans developed to resolve any issues identified in the audit, and recommends candidate independent auditors to the Board to propose for election by the Shareholder Meeting. The Board has not specified a fixed rotation cycle. In selecting the external auditors, particular importance is attached to independence and documented experience.

After the first six months of the year, the Audit Committee at its meeting discusses the unaudited half-year results with the independent auditors. In addition, the annual financial statements are planned and the auditing costs for the fiscal year are approved. Additional meetings are held as needed. After the audit of the annual financial statements, the Audit Committee convenes for a meeting at which it discusses the audited annual report for the fiscal year with the independent auditors. The audit firm reports its findings on the basis of a comprehensive report to the Board of Directors and through the reports of the independent auditors to the Shareholder Meeting. The CEO, CFO and internal auditor take part in the meetings of the Audit Committee. During the year under review the Audit Committee held two meetings.

Communication policy

The Comet Group informs its shareholders, the media, financial analysts and other stakeholders with the greatest possible transparency and based on the principle of equal treatment. The Group publishes annual reports and half-year reports that are prepared in compliance with Swiss stock corporation law and International Financial Reporting Standards (IFRS). As well, information is provided to additional audience segments via the following events:

- To shareholders, in connection with the Shareholder Meeting
- To media representatives and financial analysts, through press conferences
- To institutional investors, through road shows and an annual investor day

Announcements about events that fall under the ad-hoc disclosure requirements of SIX Exchange Regulation (a division of the SIX Swiss Exchange) are published immediately.

Key dates

The dates of the most important publications and events are given below:

End of fiscal year	December 31, 2020
Annual results press conference	March 18, 2021
Publication of annual report	March 18, 2021
Annual Shareholder Meeting	April 22, 2021
End of first half of fiscal year	June 30, 2021
Half-year results press conference	August 12, 2021
Publication of half-year report	August 12, 2021

Publication media

Comet Holding AG publishes semiannual media releases to update investors on its business and financial results. The printed annual report is sent to shareholders on request after they receive the notice of the Annual Shareholder Meeting. For disclosure announcements for stock exchange purposes, Comet Holding AG uses the electronic publication platform operated by the SIX Swiss Exchange. The Group's website at www.comet-group.com offers a wealth of information, including details of the Comet Group's business activities and access to the annual report, media releases, presentations for press conferences, and the Bylaws of Comet Holding AG. As well, anyone may register on the website to automatically receive all press releases in electronic form.

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Compensation Report 2020

Contents

01 Introduction

The compensation report has been prepared in accordance with the Ordinance against Excessive Compensation in Listed Stock Corporations (OAEC), the standard relating to information on Corporate Governance of the SIX Swiss Exchange, and the principles of the Swiss Code of Best Practice for Corporate Governance of economiesuisse.

The compensation report discloses the compensation of the members of the Board of Directors and Executive Committee for fiscal years 2019 and 2020. In addition, the shareholdings of the Board and Executive Committee (disclosed in accordance with the Swiss Code of Obligations) are presented in the notes to the separate financial statements of Comet Holding AG on page 114, and the expense for compensation (disclosed in accordance with International Financial Reporting Standards) is presented in the consolidated financial statements of Comet Holding AG on page 101.

02 Compensation governance

02.1 OAEC-related provisions under the Bylaws

Sections 21 to 28 of the Bylaws govern compensation approval, the compensation of the Board of Directors and Executive Committee, the composition of performance-based compensation, and the terms of stock awards.

Every year, the Board of Directors submits to the Annual Shareholder Meeting for approval its proposals for the maximum aggregate amounts of compensation of the Board of Directors and of the Executive Committee.

Compensation-related provisions are specified in the Bylaws and implemented in corresponding regulations of the Comet Group.

Shareholders' say on pay

Under the OAEC and the Bylaws of Comet Holding AG, the amounts of the respective aggregate compensation of the Board of Directors and Executive Committee require shareholder approval in a binding vote at the Shareholder Meeting. Specifically, under section 21 of the Bylaws of Comet Holding AG, shareholders vote on the following:

- The compensation of the Board of Directors for the coming term of office
- The fixed compensation of the Executive Committee for the next fiscal year after the year of the Annual Shareholder Meeting
- The performance-based compensation of the Executive Committee for the last fiscal year before the year of the Annual Shareholder Meeting

The prospectively binding voting in combination with retroactive approval of the performance-related remuneration give shareholders an extensive "say on pay".

02.2 Nomination & Compensation Committee

The Nomination & Compensation Committee (NCC) is made up of two members of the Board, who are elected to the Committee yearly by the Annual Shareholder Meeting. In the year under review these members were Mariel Hoch (chair) and Rolf Huber.

The term of office is one year. Re-election for consecutive terms is permitted. The NCC prepares all agenda items related to the nomination and compensation of the members of the Board of Directors and Executive Committee. The NCC itself does not make decisions, but prepares proposals for the approval of the Board of Directors.

The Committee has the following responsibilities in particular:

- Address both the compensation policy for the remuneration of the Board of Directors and Executive Committee, and the Comet Group's compensation structure
- Prepare the compensation report and support the Board of Directors in preparing resolutions for the Annual Shareholder Meeting for the approval of compensation
- Develop proposals for guidelines for the compensation of the Board of Directors and Executive Committee
- Review stock ownership plans and recommend adjustments as appropriate
- Propose new Board members and the Chief Executive Officer for appointment
- Provide support to the CEO in evaluating candidates for the Executive Committee

Additional responsibilities may be assigned to the Committee as required. The NCC convenes for at least two regular meetings per year. The NCC may hold additional meetings at its discretion. The Committee may invite other Board members, Executive Committee members and specialists to its meetings as required.

In the year under review, the Committee held five regular and five special, virtual meetings, all of which were attended by both of its members. In an advisory role, the Chairman of the Board, the CEO and the Global Head of Human Resources also attended. The members of the Executive Committee do not attend the compensation-related Board meetings and do not have a say in their compensation. The NCC chair briefs the Board of Directors on the NCC’s activities at the next Board meeting.

02.3 Decision authority and responsibility for compensation

The design and regular review and evaluation of the compensation system are the responsibility of the NCC.

Subject to the limits of the maximum aggregate amounts approved by the Annual Shareholder Meeting, the Board of Directors annually prepares the compensation proposals, as follows:

Decision on	CEO	NCC	Board of Directors	Shareholder Meeting
Compensation policy and guidelines under the Bylaws		Proposes	Approves	
Maximum aggregate compensation of the Board of Directors		Proposes	Reviews	Binding vote
Individual compensation of Board members		Proposes	Approves	
Fixed compensation of the CEO		Proposes	Approves	Binding vote as part of vote on aggregate fixed compensation of Executive Committee
Fixed compensation of the other members of the Executive Committee	Proposes	Reviews	Approves	Binding vote as part of vote on aggregate fixed compensation of Executive Committee
Profit-sharing and LTIP plans of the CEO		Proposes	Approves	Binding vote as part of vote on aggregate variable compensation of Executive Committee
Profit-sharing and LTIP plans of the other members of the Executive Committee	Proposes	Reviews	Approves	Binding vote as part of vote on aggregate variable compensation of Executive Committee

On behalf of the Board of Directors, the external audit firm verifies whether the quantitative disclosures on compensation, loans and other credit made in the compensation report pursuant to sections 14–16 OAEC comply with the law and the OAEC.

02.4 Determination of compensation

02.4.1 Compensation of the Board of Directors

The amounts of Board members' compensation are set to reflect the industry environment and are regularly reviewed against benchmarks. The latest such review was performed in fiscal year 2017. The compensation details are specified in a Board-approved compensation plan in the form of a set of regulations.

02.4.2 Compensation of the Executive Committee

The NCC prepares a specific proposal for the amounts of the individual fixed compensation of the CEO and each of the other Executive Committee members, for approval by the full Board of Directors. The CEO recommends the amounts of fixed compensation for the other Executive Committee members to the NCC. The NCC also bases its proposals on general experience and on levels of compensation at peer companies.

The full Board of Directors periodically reviews, sets and approves the compensation levels, based on the proposal of the NCC. The latest such review was performed in fiscal year 2020 with support from an internationally recognized consulting firm. The review involved a benchmarking assessment of total direct compensation levels for positions included in the Executive Committee.

In 2020, the NCC also conducted an overall review of the compensation structure with the support of an external Swiss-based executive compensation and governance adviser.

The profit-sharing compensation is based on the regulations approved by the Board of Directors.

03 Compensation principles

03.1 Compensation of the Board of Directors

To ensure the independence of the Board of Directors in its supervision of the Executive Committee, the Board members receive only a fixed retainer, of which two-thirds is paid in cash and one-third is paid in stock. Hence, the compensation system for the Board of Directors does not have a performance-based element. The stock is subject to a holding period of three years from the date of the award during which it cannot be sold. The reported compensation includes the cash portion of the retainer, the value of the stock portion, and the employer contributions to social security plans.

03.2 Compensation of the Executive Committee

The compensation system is designed to attract and retain excellent management and specialist staff.

The Comet Group seeks to set compensation levels that reflect the individual levels of skills and responsibility in the Group and that bear comparison with other employers competing with it for talent. This aim is supported by a fair system of remuneration designed to match levels of pay offered by listed peer companies.

The remuneration consists of fixed compensation and a performance-based, profit-sharing component. The total compensation takes into account the recipient's position and level of responsibility. The profit-sharing compensation of the Executive Committee members is in the form of a short-term incentive plan (STIP) and a long-term incentive plan (LTIP). Two-thirds of the compensation under the STIP is paid in cash and one-third of it is paid in stock. The compensation under the LTIP is paid only in stock. The total variable compensation (STIP and LTIP combined) is capped by an upper limit.

The compensation elements thus take into account short-term and long-term aspects of sustainable company performance and development. The Comet Group is confident that its remuneration architecture creates an effective link between compensation and performance that generates lasting value for shareholders.

Employer contributions to social security plans are disclosed separately. The members of the Executive Committee have employment agreements with a notice period of not more than nine months. No signing (hiring) bonuses or termination benefits are provided.

03.3 Stock-based compensation (STIP and LTIP)

The Company's stock-based compensation for the Executive Committee members consists of the STIP and LTIP and is designed to heighten the commitment of the CEO and the other Executive Committee members. The requirement for this group of individuals to draw part of their profit-sharing compensation in stock is detailed in a separate set of regulations. The grant price, at which the stock is awarded and transferred to recipients, is the average closing market price of the stock in the period between (and excluding) the date of the annual results press conference and the date of the Annual Shareholder Meeting.

The stock transferred under the STIP is subject to a holding period of three years from the date of the award, during which it cannot be sold. However, all other shareholder rights are effective during the holding period, including rights to dividends and similar distributions and the right to participate in Shareholder Meetings. Except as otherwise required by law, in the event of an attempted change of control of Comet Holding AG the holding period on stock ends when a public tender offer is validly made. The holding period remains in place in all other cases, including in the event of termination. The stock awarded under the LTIP does not have a holding period.

04 Structure of the compensation system

The compensation system, which applies worldwide, governs the profit-sharing compensation for all eligible employees. The details of the system are set out in Board-approved regulations. In the year under review, the profit-sharing criteria under the STIP were the sales growth and net income of the Comet Group. The members of the Board of Directors receive only a fixed retainer.

04.1 Compensation system for the Board of Directors

Every year, the Board of Directors submits its proposal for the maximum aggregate amount of Board compensation to the Annual Shareholder Meeting for approval.

04.1.1 Fixed retainer

For their service on the Board of Directors, the Board members receive a fixed retainer. A flat expense allowance is provided, which is paid in cash.

04.1.2 Stock compensation

Two-thirds of the fixed retainer is paid in cash and one-third is paid in stock. The stock awarded is subject to a holding period of three years during which it cannot be sold.

Overview of Board of Directors compensation structure:

In CHF (gross)

	Cash portion of retainer (two-thirds)	Stock portion of retainer (one-third)	Total reported value of compensation	Flat expense allowance (additional)
Chairman of the Board	132,000	66,000	198,000	8,000
Member of the Board	66,000	33,000	99,000	4,000

Additionally, the actual employer contributions to social security plans are paid.

04.1.3 Joining and departure of members of the Board of Directors

The Board members' normal term of office begins on the date following the day of the Annual Shareholder Meeting that elects them and ends on the date of the next Annual Shareholder Meeting. When a new member joins the Board of Directors, the compensation is paid on a pro-rated basis from the day of election. If a member leaves the Board before the end of a term, the retainer is calculated on a pro-rated basis to the date of departure. In the case of pro-rated retainers as well, two-thirds is paid in cash and one-third is paid in stock.

04.2 Compensation system for employees

The compensation system for the employees of the Comet Group (including the Executive Committee) has two main elements: All employees receive fixed compensation, and employees eligible for profit-sharing under the STIP may earn a performance-based pay component.

04.2.1 Calculation of total profit-sharing pool

The total amount of STIP profit-sharing compensation is determined as a percentage of the consolidated net income of the Comet Group. This percentage rate is dependent upon the Group's rate of sales growth compared with the prior year. For fiscal year 2020 the percentage rate was determined according to the following model, unchanged from the prior year:

Sales growth	Percentage of net income
Less than 5%	15%
5% – 15%	Linear increase between 15% and 25%
More than 15%	25%

At least 80% of the profit-sharing pool is allocated among the employees (including the members of the Executive Committee), using a general allocation formula. Up to an aggregate maximum of 20% of the profit-sharing pool may be allocated selectively to individual employees (including the members of the Executive Committee), using an individual allocation formula. This is to enable the Board and the CEO to recognize individual performance distinctively. Performance is evaluated by the Board and CEO at the end of the fiscal year, and a decision is made on whether to allocate part or all of the 20% individual allocation pool to individual employees. The unused portion of the individual allocation pool is also distributed by the general allocation formula. The Board of Directors did not allocate any of the 20% individual allocation pool in the reporting year.

04.2.2 Compensation groups and calibration

The employees eligible for profit-sharing are assigned to one of five compensation groups. These five groups consists of the CEO, the other members of the Executive Committee, and (subdivided into three groups) the other eligible employees. Each compensation group is assigned a different multiplier. Within a given compensation group, the same multiplier is used for each member of the group. This multiplier together with the gross annual base salary provides for the respective share assigned to the employee in the allocation of the total profit-sharing pool. The values of the multipliers are set by the Board of Directors of Comet Holding AG. For each employee, the respective share of the total profit-sharing pool can thus be calculated, based on the individual's position (which determines the assignment to a compensation group) and gross annual base salary.

The Board of Comet Holding AG has the authority to adjust the calibration of the profit-sharing so as to reflect the performance of the Comet Group. When doing so, the Board ensures the adjustment is fair to all participants. The calibration is normally reviewed every three years and adjusted if appropriate. No such adjustment was made in the fiscal year.

04.2.3 Precondition for payment of profit-sharing compensation

A precondition for paying any profit-sharing compensation is that, after the accrual of this distribution, the Comet Group is still able to report positive consolidated net income.

04.3 Compensation system for the Executive Committee

The compensation of the Executive Committee is specified in Board-approved regulations. Every year, the Board of Directors submits its proposals for the maximum aggregate amounts of Executive Committee compensation to the Annual Shareholder Meeting for approval, specifically:

- Prospectively, the fixed compensation of the Executive Committee for the next fiscal year after the year of the Annual Shareholder Meeting
- Retrospectively, the performance-based compensation of the Executive Committee for the last fiscal year before the year of the Annual Shareholder Meeting

To any new member joining the Executive Committee during a period for which the Shareholder Meeting has already approved the compensation, Comet Holding AG or its subsidiaries are authorized to pay an additional amount if the already approved maximum aggregate amount is not sufficient to cover the compensation. The aggregate additional amount per compensation period must not exceed 40% of the approved maximum aggregate amount of compensation of the Executive Committee.

The compensation system is structured as follows:

Type of compensation	Form of delivery	Purpose	Drivers
Fixed compensation	Monthly payment in cash	Pay for position	Nature and level of position, individual qualifications, market conditions
Short-term Profit-sharing plan (STIP)	Annual payment in cash	Profit-sharing based on corporate financial results	Corporate financial results in terms of profitable growth
Short-term Profit-sharing plan (STIP)	Annual payment in stock (with holding period)	Long-term alignment with interests of shareholders	Corporate financial results in terms of profitable growth
Long term incentive plan (LTIP)	Annual payment in stock (without holding period)	Long-term alignment with interests of shareholders	Corporate financial results relative to the peer group in terms of achievement of two performance targets for growth and profitability over a 3 year period
Social benefits	Company pension, social security contributions, short-term disability and accident insurance	Risk protection	Local legislation and voluntary benefits in line with market
Flat expense allowance	Monthly payment in cash	Defraying of minor expenses	Local legislation, tax authorities
Benefits in kind	Costs paid directly by company or reimbursed in cash	Pay for position	Local market practice

04.3.1 Fixed compensation

All members of the Executive Committee receive fixed compensation that is paid monthly, as well as a flat expense allowance. The fixed compensation is determined by the individual's amount of responsibility, role, performance, experience and skills, and by local market conditions. These elements of compensation are paid in cash.

04.3.2 Short-term profit-sharing compensation (STIP)

In addition to the fixed compensation, the profit-sharing plan provides a performance-related short-term incentive pay component (STIP), of which one-third is paid in stock. The stock awarded is subject to a holding period of three years during which it cannot be sold. The balance of the STIP amount is paid in cash.

Calculation of short-term profit-sharing compensation (STIP)

An individual Executive Committee member's share of the total profit-sharing pool (under the STIP) is calculated using the following model:

a) Calculation of individual's percentage share of total profit-sharing pool

$$\frac{\textbf{Gross base salary of employee} \times \textbf{multiplier} \times \textbf{100}}{\textbf{Total weighted gross salaries of all staff}^{1}} = \textbf{\% share of total profit-sharing pool}$$

[1] Represents the aggregate of the multiplier-weighted gross salaries of all employees and the retainers of the Board of Directors.

b) Calculation of effective profit-sharing compensation

% share of total profit-sharing pool × amount of profit-sharing pool that is actually distributed

The calculation of an individual's effective profit-sharing compensation is based on that portion of the total profit-sharing pool which has been allocated by the general allocation formula. In addition to that general portion, the Board of Directors may award an individual share of profit. Profit-sharing awards to the CEO and the other members of the Executive Committee are approved by the Board, with ratification by the shareholders at the Annual Shareholder Meeting as part of the binding retrospective vote on the compensation of the Executive Committee.

Joining and departure of Executive Committee members

Members joining the Executive Committee intra-year participate in profit-sharing on a pro-rated basis. In the event of departures from the Executive Committee, the amount due is calculated based on the approved consolidated financial statements and is paid out in stock and cash upon approval of the profit-sharing compensation by the Annual Shareholder Meeting.

Terms of employment

The members of the Executive Committee have employment agreements with a notice period of not more than nine months. There is no entitlement to termination benefits of any kind, nor any provision in case of a change of control except for the waiving of the remaining holding period on the stock awarded under the STIP and LTIP.

04.3.3 Long-term profit-sharing compensation (LTIP)

The aim of the LTIP, which was introduced in fiscal year 2017, is to tie the CEO and the other members of the Executive Committee more closely to the company and to strengthen the alignment of part of their compensation with the achievement of long-term corporate targets. Stock transferred under the LTIP does not have a holding period.

Structure of the LTIP

The amount of the LTIP compensation is dependent on the value of the stock earned as short-term profit-sharing compensation (STIP) in the previous three years. LTIP stock is granted each year based on the extent to which the performance targets for the previous three years were achieved. The LTIP amount is based on performance against the following two targets:

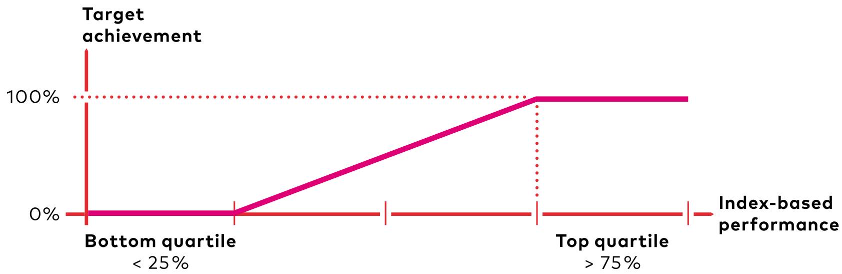
- **a growth target (T1), and**
- **a profitability target (T2)**

Target achievement is measured relative to a group of 13 listed Swiss manufacturing companies similar to the Comet Group in revenue size and market cap.

Autoneum Holding AG	Interroll Holding AG	Rieter Holding AG
Feintool International Holding AG	Kardex Holding AG	Tecan Group AG
Gurit Holding AG	Komax Holding AG	u-blox Holding AG
Huber+Suhner AG	Phoenix Mecano AG	VAT Group AG
INFICON Holding AG		

Calculation of the LTIP

For both targets, target achievement is assessed by measuring the index-based relative performance, thus comparing the Comet Group's performance with that of the companies in the peer group. The degree of target achievement is 0% if the Comet Group's result ranks in the bottom quartile of the index (i.e., among the 25% of companies with the lowest performance). Target achievement is 100% (the maximum) if the result attained is in the top quartile of the index (i.e., in the top 25% of all companies). If the result lies between these two outcomes, the percentage of target achievement is interpolated on a straight-line basis between 0% and 100%.



The value of the stock granted under the LTIP is based on the average annual achievement of the two performance targets (T1 and T2, in percent) multiplied by the average annual value of the stock (VS) actually transferred to employees in the preceding three years as STIP short-term profit-sharing compensation, multiplied by a calibration factor C:

LTIP = $(T_1 + T_2)_s * V_s * C$

Growth target T_1: The growth target is defined in terms of the compound annual growth rate (CAGR) of sales for the respective last three years. The performance on this metric is compared with that of the peer group (a group of manufacturing firms listed on the Swiss stock exchange). The achievement of the growth target is measured by the relationship of the average CAGR of the Comet Group over the last three years to the results of the peer group.

Profitability target T_2: The profitability target is defined in terms of the average ratio of ROCE to WACC for the respective last three years (ratio of return on capital employed to weighted average cost of capital). The performance on this metric is compared with that of the peer group (a group of manufacturing firms listed on the Swiss stock exchange). The achievement of the profitability target is measured by the relationship of the average ROCE/WACC ratio of the Comet Group over the last three years to the results of the peer group.

Calibration factor C: The calibration factor is set by the Board of Directors. The calibration is normally reviewed every three years and, when necessary, adjusted so that the long-term incentive corresponds to the performance of the company and the purpose of the LTIP. When doing so, the Board ensures the adjustment is fair to all participants.

Calculation of the value V_S of the average annual amount of STIP stock transferred:
The amount of stock transferred under the LTIP is based on the value of the stock transferred under the short-term profit-sharing plan

(STIP) over the last three years. That value of transferred STIP stock is measured as of the time of its transfer.

For determining the amount of LTIP stock to be transferred in year n, the underlying average annual value of STIP stock, V_S, is calculated as follows:

$$V_s = \frac{1}{3} (V_{n-2} + V_{n-1} + V_n)$$

Where V_{n-2} represents the value of the stock transferred in year n-2, V_{n-1} represents the value of the stock transferred in year n-1, and V_n represents the value of the stock transferred in year n.

Determination of target achievement

Target achievement is determined at the end of each year. As the data for the peer group companies only becomes available with a time lag, the current year-end data for the Comet Group is compared with that data for the peer group which is available at December 31.

Intra-year joining or departure

The amount of stock to be transferred under the LTIP is based on the amount of stock already transferred under the short-term profit-sharing plan and is thus inherently pro-rated in the case of an intra-year hire or promotion. Employees who have given or received notice of termination of employment are not entitled to the LTIP compensation for the year of their departure.

Disbursement of the LTIP

The long-term profit-sharing compensation is disbursed on the basis of the approved consolidated financial statements and the approval of the profit-sharing compensation by the Annual Shareholder Meeting of Comet Holding AG in the subsequent year.

Changes of control

In the event of a public tender offer for the stock of Comet Holding AG, the LTIP compensation for the fiscal years that are not yet compensated under the LTIP at the time the public tender offer is validly made is paid entirely in cash instead of stock.

04.3.4 Upper limit for profit-sharing compensation

There are individual upper limits on the total profit-sharing compensation of the CEO and the other members of the Executive Committee. The upper limit thus caps the individual’s combined total of STIP and LTIP profit-sharing compensation. For the CEO this maximum (the upper limit for the combined total of STIP compensation and LTIP stock) is 200% of the fixed compensation. For each of the other members of the Executive Committee, this upper limit for the combined total of STIP compensation and LTIP stock is 150% of the fixed compensation.

05 Disclosure of compensation of the Board of Directors and Executive Committee

The following disclosures represent all compensation of the members of the Board of Directors and Executive Committee and their related parties[1] for fiscal years 2019 and 2020, disclosed in accordance with the Ordinance Against Excessive Compensation at Listed Companies (OAEC). Further details on the included individuals and their positions in the Group are provided in the corporate governance section of this annual report.

[1] Related parties are persons outside the Comet Group who are related to members of the Board of Directors or Executive Committee within the meaning of section 678 of the Swiss Code of Obligations by virtue of close personal or economic ties in law or in fact.

The compensation of the Board of Directors is set at the Annual Shareholder Meeting for a period of one year. As the Board's term of office does not match the fiscal year, the compensation stated in the annual report may differ from the pre-set amount.

05.1 Current members of the Board of Directors (including related parties)

The 2020 Annual Shareholder Meeting had prospectively approved an aggregate amount of CHF 700,000 (prior year: CHF 870,000) for the term of office ending at the 2021 Annual Shareholder Meeting. The actual compensation in fiscal year 2020 was CHF 686,777. The amount of the Board's compensation was lower than in the prior fiscal year due to a reduction in the number of Board members.

Fiscal year 2020

in CHF (gross)	Total cash compensation (1)	Stock compensation (2)	**Total before social security contributions**	Social security contributions (3)	**Total compensation**
1/1/2020 to 4/23/2020					
Christoph Kutter, member	22,000	–	**22,000**	–	**22,000**
Franz Richter, member	22,000	–	**22,000**	–	**22,000**
1/1/2020 to 12/31/2020					
Heinz Kundert, Chairman	132,000	66,000	**198,000**	13,968	**211,968**
Rolf Huber, Vice Chairman	66,000	33,000	**99,000**	8,702	**107,702**
Gian-Luca Bona, member	66,000	33,000	**99,000**	8,702	**107,702**
Mariel Hoch, member	66,000	33,000	**99,000**	8,702	**107,702**
Patrick Jany, member	66,000	33,000	**99,000**	8,702	**107,702**
Board of Directors, total	440,000	198,000	**638,000**	48,777	**686,777**

Fiscal year 2019 in CHF (gross)	Total cash compensation (1)	Stock compensation (2)	**Total before social security contributions**	Social security contributions (3)	**Total compensation**
1/1/2019 to 4/25/2019					
Hans Hess, Chairman	44,000	0	**44,000**	3,954	**47,954**
Lucas A. Grolimund, Vice Chairman	22,000	0	**22,000**	1,977	**23,977**
4/25/2019 to 12/31/2019					
Heinz Kundert, Chairman	88,000	66,000	**154,000**	11,309	**165,309**
Patrick Jany, member	44,000	33,000	**77,000**	6,443	**83,443**
Christoph Kutter, member	44,000	33,000	**77,000**	0	**77,000**
1/1/2019 to 12/31/2019					
Rolf Huber, member; Vice Chairman from April 25, 2019	66,000	33,000	**99,000**	8,420	**107,420**
Gian-Luca Bona, member	66,000	33,000	**99,000**	8,420	**107,420**
Mariel Hoch, member	66,000	33,000	**99,000**	8,420	**107,420**
Franz Richter, member	66,000	33,000	**99,000**	0	**99,000**
Board of Directors, total	506,000	264,000	**770,000**	48,943	**818,943**

1. The compensation consists of a fixed retainer; two-thirds of it is paid in cash and disclosed in this item.
2. This item represents the one-third of the fixed retainer which is paid in stock. The actual transfer of the stock occurs in the subsequent year. The stock is subject to a holding period of three years from the date of the award, during which it cannot be sold.
3. This item represents employer contributions to social security plans and to the family allowance fund. No pension fund contributions, short-term disability insurance premiums or accident insurance premiums are paid.

Related party transactions

In the fiscal year there were no transactions with related parties (prior year: no such transactions).

05.2 Current members of the Executive Committee (including related parties)

A total of eight persons served as Executive Committee members during fiscal year 2020. On average for the fiscal year, this represented 5.8 full-time equivalents (prior year: 8.6). The compensation of the members of the Executive Committee for which an expense was accrued is presented in the table below.

The 2019 Annual Shareholder Meeting had prospectively approved an aggregate amount of CHF 3,500,000 for the fixed compensation for fiscal year 2020. The actual aggregate fixed compensation (including proportionate social security contributions and benefits in kind) reported for fiscal year 2020 was CHF 2,121,308. This amount is within the limits approved by shareholders for the fiscal year.

Further, for the prior fiscal year 2019, the 2020 Annual Shareholder Meeting retrospectively approved the proposed aggregate amount of CHF 343,980 for profit-sharing compensation of the Executive Committee (including proportionate social security contributions). This was paid out in May 2020, including 31% that was paid in stock (prior year:

43% in stock). The profit-sharing compensation of the Executive Committee (including proportionate social security contributions) for 2020 amounts to CHF 595,101 and will be submitted to shareholders' vote at the 2021 Annual Shareholder Meeting.

in CHF (gross)		Executive Committee total (1)		Highest compensation (2)	
Fiscal year		**2020**	2019	**2020**	2019
	Footnote				
Fixed compensation	(3)	1,529,849	2,284,101	300,000	480,000
Short-term incentive compensation (STIP), cash portion	(4)	307,774	190,112	64,572	61,767
Total cash compensation		**1,837,623**	**2,474,213**	**364,572**	**541,767**
Short-term incentive compensation (STIP), stock portion	(5)	153,887	95,055	32,286	30,884
Long-term incentive compensation (LTIP)	(6)	3,437	5,021	1,040	1,840
Total stock compensation		**157,324**	**100,076**	**33,326**	**32,724**
Total benefits in kind	**(7)**	**12,553**	**12,553**	**–**	**6,300**
Total expenses for long-term benefits	**(8)**	**383,097**	**592,666**	**90,773**	**164,858**
Total compensation		**2,390,597**	**3,179,508**	**488,671**	**745,649**

1. The Executive Committee included the following members during fiscal year 2020, some of whom served for only part of the year: Heinz Kundert, Kevin Crofton, Eric Dubuis, Stephan Haferl, Michael Kammerer, Elisabeth Pataki, Keighley Peters and Thomas Wenzel. During fiscal year 2019, the Executive Committee included the following members, some of whom also served for only part of the year: Heinz Kundert, René Lenggenhager, Eric Dubuis, Stephan Haferl, Prisca Hafner, Michael Kammerer, Markus Portmann, Thomas Wenzel and Beat Malacarne.
2. Michael Kammerer, President of Plasma Control Technologies, was the Executive Committee member with the highest individual compensation for 2020. René Lenggenhager, CEO until June 21, 2019, was the Executive Committee member with the highest individual compensation in 2019. In the table above, the compensation for these two individuals is both disclosed separately and included in the total compensation of the Executive Committee.
3. For their work the members of the Executive Committee receive a fixed compensation component, which is paid in cash. This item comprises the fixed compensation of all Executive Committee members who served during all or part of the fiscal year. This item also includes any other, one-time cash compensation, such as length-of-service awards.
4. This item includes the portion of the STIP compensation paid in cash for 2020 and 2019, which is calculated based on the criteria of the compensation system. The actual payment occurs in the respective subsequent year.
5. This item represents the portion of the STIP compensation paid in stock for 2020 and 2019. The actual transfer of the stock occurs in the respective subsequent year. The stock is subject to a holding period of three years from the date of the award, during which it cannot be sold.
6. This item represents the LTIP compensation awarded for 2020 and 2019, all of which is paid in stock. The actual transfer of the stock occurs in the respective subsequent year.

7. This item represents the annual cost of public ground transportation for two members of the Executive Committee for 2020 and 2019.
8. This item represents employer contributions to the governmental social security plans (for Executive Committee members in Switzerland, these are the old age and survivors (AHV) and unemployment insurance plans (ALV) as well as the family allowance fund (FAK)), to the employee pension plans and to the short-term disability insurance and accident insurance plans.

The amounts set out in the table above are not identical to the taxable income of the Executive Committee members, as the total compensation for the purposes of section 663 of the Code of Obligations includes employer social security contributions. The aggregate profit-sharing compensation (including proportionate social security contributions) reported for 2020 is CHF 595,101. The profit-sharing compensation of the Executive Committee members for 2020 will be paid out after its retrospective approval by shareholders at the 2021 Annual Shareholder Meeting.

Compensation mix

The average percentage of total compensation paid to members of the Executive Committee as fixed compensation in fiscal 2020 was 76% (excluding proportionate social security contributions) and 24% was variable. Therefore, the variable compensation amounted to 32% of fixed compensation. Of the variable compensation of the Executive Committee members, 33% was paid in stock. For the highest-paid member of management, the percentage of total compensation paid as fixed compensation was 75% (excluding proportionate social security contributions) and 25% was variable. Therefore, the variable compensation amounted to 33% of fixed compensation. Of the variable compensation, 33% was paid in stock.

05.3 Former members of the Board of Directors and Executive Committee (including related parties)

Former members of the Executive Committee are those members who were no longer active in the fiscal year but who, as a result of notice periods under their employment contracts, still received compensation.

in CHF (gross)		Executive Committee total (1)	
Fiscal year		2020	2019
	Footnote		
Fixed compensation		182,500	171,667
Short-term incentive compensation (STIP), cash portion	(2)	55,914	13,437
Total cash compensation		**238,414**	**185,104**
Short-term incentive compensation (STIP), stock portion	(3)	27,957	6,719
Long-term incentive compensation (LTIP)		—	—
Total stock compensation		**27,957**	**6,719**
Total benefits in kind	**(4)**	**—**	**68,831**
Total expenses for long-term benefits	**(5)**	**62,877**	**53,100**
Total compensation		**329,248**	**313,754**

1. In the fiscal year, compensation was paid to two former Executive Committee members: René Lenggenhager and Prisca Hafner (in 2019, compensation was paid to the following two former Executive Committee members: Detlef Steck and Thomas Polzer).
2. This item includes the portion of the STIP compensation paid in cash for 2020 and 2019, which is calculated based on the criteria of the compensation system.
3. This item represents the portion of the STIP compensation paid in stock for 2020 and 2019. The actual transfer of the stock occurs in the respective subsequent year. The stock is subject to a holding period of three years from the date of the award, during which it cannot be sold.
4. In 2019, one member of the Executive Committee was reimbursed for expenses in connection with an international equalization of tax and of social security benefits, as well as receiving an amount toward additional travel and living expenses.
5. This item represents employer contributions to the old age and survivors (AHV) and unemployment insurance plans (ALV), to the family allowance fund (FAK), to the employee pension plans and to the short-term disability insurance and accident insurance plans.

05.4 Supplementary information on compensation

In 2020 no signing bonuses were paid to present or former members of the Board of Directors or of the Executive Committee and no termination benefits were granted or paid.

No loans or other credits were granted in the year under review, and no loans or other credits were outstanding at the balance sheet date. The Comet Group has not provided any guarantees or other security. The members of the Board of Directors and the Executive Committee did not receive benefits in kind. No material changes related to compensation have occurred after the balance sheet date of December 31, 2020.

05.5 Interim management contracts

There were no interim management contracts in 2020.

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

As of December 31, 2020, the members of the Board of Directors and Executive Committee held a combined total of 0.5% of the outstanding shares of Comet Holding AG (December 31, 2019: 1.1%).

A detailed analysis of the shareholdings of the members of the Board of Directors and Executive Committee is presented in the notes to the separate financial statements of Comet Holding AG on page 114.

07 Proposals to the 2021 Annual Shareholder Meeting for compensation of the Board of Directors and Executive Committee

At the 2021 Annual Shareholder Meeting, the Board of Directors will propose the resolutions for the compensation of the Board and the Executive Committee.

The detailed proposals and the supporting reasoning will be delivered to shareholders with the notice of the 2021 Annual Shareholder Meeting.

08 Compensation outlook for 2021

In 2020, in the context of the new strategic direction determined for the Comet Group, the Nomination & Compensation Committee (NCC) initiated a thorough review of the compensation system applicable to the Executive Committee. As part of this review, the NCC is also considering the feedback received from proxy advisors and shareholders in the past. The review of the compensation system is still ongoing at the time of publication of this report. Once the work is concluded, the results will be communicated in the next compensation report.

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To the General Meeting of
Comet Holding Ltd., Flamatt

Berne, March 12, 2021

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Comet Holding Ltd. for the year ended 31 December 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in Section 05 – Disclosure of compensation of the Board and Executive Committee on pages 165 to 169 of the remuneration report.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the remuneration report for the year ended 31 December 2020 of Comet Holding Ltd. complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

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