Comet Group Consolidated Financial Statements

Contents

The complete 2021 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	2021	%	2020	%
Net sales	3/4	513,721		395,816	
Cost of sales		(290,921)		(238,249)	
Gross profit		**222,800**	**43.4%**	**157,567**	**39.8%**
Other operating income	5	3,682	0.7%	5,428	1.4%
Development expenses	7	(55,344)	– 10.8%	(53,220)	– 13.4%
Marketing and selling expenses		(47,637)	– 9.3%	(43,369)	– 11.0%
General and administrative expenses		(39,416)	– 7.7%	(31,063)	– 7.8%
Gain on disposal of businesses	8	—	—	3,986	1.0%
Operating income		**84,085**	**16.4%**	**39,329**	**9.9%**
Financing expenses	10	(5,106)	– 1.0%	(8,657)	– 2.2%
Financing income	10	3,229	0.6%	2,816	0.7%
Income before tax		**82,208**	**16.0%**	**33,487**	**8.5%**
Income tax	11	(14,771)	– 2.9%	(5,827)	– 1.5%
Net income		**67,437**	**13.1%**	**27,661**	**7.0%**
Earnings per share in CHF, diluted and basic	12	8.68		3.56	
Operating income		**84,085**	**16.4%**	**39,329**	**9.9%**
Depreciation, amortization and impairment	9	18,663	3.6%	19,287	4.9%
EBITDA		**102,749**	**20.0%**	**58,616**	**14.8%**

Consolidated statement of comprehensive income

In thousands of CHF	Note	2021	2020
Net income		67,437	27,661
Other comprehensive income			
Foreign currency translation differences		(242)	(2,618)
Total items that will be reclassified to the income statement on realization		**(242)**	**(2,618)**
Actuarial gains on defined benefit plans	26	1,954	1,392
Income tax	11	(283)	(181)
Total items that will not subsequently be reclassified to the income statement		**1,671**	**1,211**
Total other comprehensive income or (loss)		**1,429**	**(1,407)**
Total comprehensive income		**68,867**	**26,254**

Consolidated balance sheet

In thousands of CHF	Note	Dec. 31, 2021	%	Dec. 31, 2020	%
Assets					
Cash and cash equivalents		115,533		74,681	
Trade and other receivables	13	80,767		61,784	
Other assets	14	1,925		1,813	
Tax receivables		2,612		1,168	
Inventories	15	99,268		94,188	
Prepaid expenses	16	4,269		4,674	
Total current assets		**304,373**	**62.1%**	**238,308**	**55.5%**
Property, plant and equipment	17	111,703		112,629	
Right-of-use assets	18	18,791		20,610	
Intangible assets	19	41,027		43,862	
Other assets – non-current financial assets	14	3,122		3,209	
Deferred tax assets	11	11,398		10,653	
Total non-current assets		**186,042**	**37.9%**	**190,963**	**44.5%**
Total assets		**490,415**	**100.0%**	**429,271**	**100.0%**
Liabilities and shareholders' equity					
Current debt	22	—		59,976	
Current lease liabilities	18	3,949		4,198	
Trade and other payables	23	36,437		37,289	
Contract liabilities	3	35,161		43,421	
Other financial liabilities	14	894		1,471	
Tax payables		7,132		4,399	
Accrued expenses	24	35,716		21,429	
Current provisions	25	6,743		8,466	
Total current liabilities		**126,033**	**25.7%**	**180,649**	**42.1%**
Non-current debt	22	59,571		—	
Non-current lease liabilities	18	15,891		17,644	
Non-current provisions	25	267		69	
Employee benefit plan liabilities	26	12,997		14,808	
Deferred tax liabilities	11	676		1,145	
Total non-current liabilities		**89,402**	**18.2%**	**33,666**	**7.8%**
Total liabilities		**215,435**	**43.9%**	**214,315**	**49.9%**
Capital stock	27	7,770		7,768	
Capital reserve		1,918		11,631	
Retained earnings		294,430		224,452	
Foreign currency translation differences		(29,137)		(28,895)	
Total equity attributable to shareholders of Comet Holding AG		**274,981**	**56.1%**	**214,956**	**50.1%**
Total liabilities and shareholders' equity		**490,415**	**100.0%**	**429,271**	**100.0%**

Consolidated statement of cash flows

In thousands of CHF	Note	**2021**	2020
Net income		67,437	27,661
Income tax	11	14,771	5,827
Depreciation, amortization and impairment	9	18,663	19,287
Net interest expense	10	1,322	1,838
Share-based payments	31	1,256	518
Losses on disposal of property, plant and equipment		51	199
Losses on disposal of intangible assets		—	7
(Gain) on disposal of businesses	8	—	(3,986)
Other non-cash (income)/expense		(119)	1,860
Change in provisions	25	(1,549)	(52)
Change in other working capital		(16,440)	10,789
Taxes paid		(14,903)	(6,903)
Net cash provided by operating activities		**70,489**	**57,045**
(Outflow)/inflow from disposal of businesses	8	(261)	7,542
(Outflow) from acquisitions	20	(101)	(8,391)
Purchases of property, plant and equipment	17	(9,991)	(12,635)
Purchases of intangible assets	19	(1,476)	(931)
Disposals of property, plant and equipment	17	230	321
Purchase of other assets		(1,724)	(1,379)
Lease payments received		378	—
Interest received		222	77
Net cash (used in) investing activities		**(12,722)**	**(15,396)**
Net proceeds from issue of bond (2021 – 2026)	22	59,503	—
Repayment of bond (2016 – 2021)	22	(60,000)	—
Repayment of bank debt	22	—	(12,000)
Repayment of lease liabilities	18	(4,927)	(4,715)
Interest paid		(1,697)	(1,847)
Dividend payment to shareholders of Comet Holding AG	34	(10,098)	(7,764)
Net cash (used in) financing activities		**(17,219)**	**(26,326)**
Net increase in cash and cash equivalents		40,548	15,323
Foreign currency translation differences on cash and cash equivalents		304	(897)
Cash and cash equivalents at January 1		74,681	60,255
Cash and cash equivalents at December 31		**115,533**	**74,681**

Consolidated statement of changes in equity

In thousands of CHF	Note	Capital stock	Capital reserve	Retained earnings	Foreign currency translation differences	Total shareholders' equity
		Equity attributable to shareholders of Comet Holding AG				
January 1, 2020		**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**
Dividend payment 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**	**224,454**	**(28,895)**	**214,956**
Net income		—	—	67,437	—	67,437
Other comprehensive income		—	—	1,671	(242)	1,429
Total comprehensive income		**—**	**—**	**69,108**	**(242)**	**68,866**
Dividend payment to shareholders of Comet Holding AG	34	—	—	(10,098)	—	(10,098)
Alignment of capital reserve[1]		—	(10,118)	10,118	—	—
Increase in capital (for stock compensation)	27	2	405	(409)	—	(2)
Share-based payments	31/32	—	—	1,258	—	1,258
December 31, 2021		**7,770**	**1,918**	**294,430**	**(29,137)**	**274,981**

[1] In the year under review, the amount of the capital reserve reported in the consolidated financial statements was aligned to that of the capital reserve reported in the separate financial statements of Comet Holding AG.

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 note 2.4.1 and 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, individual numbers in the consolidated financial statements may not sum precisely to the totals indicated.

02.1 Changes in accounting policies

Revised and new accounting rules
With effect from January 1, 2021, Comet has applied the following new or adjusted IFRS/IFRIC for the first time:

- 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)

On May 28, 2020, the International Accounting Standards Board (IASB) published an amendment to IFRS 16 concerning COVID-19-related rent concessions. The amendment was effective from June 1, 2020 and initially applied to rent concessions granted up to and including June 30, 2021. On March 31, 2021, the IASB published an additional amendment to extend the applicability period to cover grant dates up to and including June 30, 2022. Comet applies this practical expedient. However, in the year under review this had no impact on the consolidated financial statements (prior period: relief effect of CHF 0.1 million in income before tax).

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
IAS 37 – Provisions, contingent liabilities and contingent assets: Onerous Contracts, Cost of Fulfilling a Contract (Amendments to IAS 37)	*	Jan. 1, 2022	Fiscal year 2022
IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	*	Jan. 1, 2022	Fiscal year 2022
IFRS 3 – Business combinations: Reference to the Conceptual Framework (Amendments to IFRS 3)	*	Jan. 1, 2022	Fiscal year 2022
IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	*	Jan. 1, 2023	Fiscal year 2023
IAS 1 – Presentation of Financial Statements: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	*	Jan. 1, 2023	Fiscal year 2023
IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments to IAS 8)	*	Jan. 1, 2023	Fiscal year 2023
IAS 12 - Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)	*	Jan. 1, 2023	Fiscal year 2023

* 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

Driven by the digitalization of society, the demand for semiconductor chips, and thus for products of the PCT division (vacuum capacitors and matchboxes), continues to be strong. After a decline in 2020, the x-ray divisions, IXM and IXS, are benefiting again from stable demand in their primary end markets: semiconductor & electronics, automotive, aerospace and security. With respect to on-going uncertainties (for example, potential supply chain issues) and geopolitical tensions, Comet critically reviewed the assumptions and estimates that affect the financial position, results of operations and cash flows. In this review, no relevant changes were identified that would have a material impact on these financial statements.

In connection with the COVID-19 pandemic, Comet received no government support in fiscal year 2021 (prior year: government support with a positive effect of CHF 0.9 million on income before tax, mainly consisting of reductions in social security contributions).

02.4 Consolidation

02.4.1 Basis of consolidation

In 2021, there were no changes in the basis of consolidation from the prior year.

Effective November 30, 2020, Comet sold the ebeam lamp business to Tetra Pak eBeam Systems SA, Pully, Switzerland. As a result, the ebeam Technologies division (EBT) was dissolved with effect from January 1, 2021. Therefore, the segment reporting for 2020 has been restated in accordance with IFRS 8. Any activities of the former EBT division that remain with Comet are allocated to the respective divisions, while the divested EBT activities are included under "Corporate" (see notes 4 and 8).

In addition, effective December 31, 2020, Comet acquired sole ownership of the software developer Object Research Systems (ORS) Inc., a leading provider of 3D visualization and analysis solutions for research and industrial applications based in Montreal, Canada. The related information is provided in note 20.

Two subsidiaries, Comet Technologies Malaysia Sdn. Bhd., Penang, Malaysia, and Comet Solutions Taiwan Ltd., Hsinchu County, Taiwan, were founded in fiscal year 2020. 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 and voting rights in % 2021	2020
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	Taastrup, Denmark	100%	100%
Comet Technologies Japan KK[1]	Yokohama, Japan	100%	100%
Yxlon (Beijing) X-Ray Equipment Trading Co. Ltd.	Beijing, China	100%	100%
Comet Technologies Malaysia Sdn. Bhd.	Penang, Malaysia	100%	100%
Object Research Systems (ORS) Inc.	Montreal, Canada	100%	100%
Comet Solutions Taiwan Ltd.	Hsinchu County, Taiwan	100%	100%

[1] The company was renamed "Comet Technologies Japan KK" from "Yxlon International KK".

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, 2021**	Dec. 31, 2020	**2021**	2020
USA	USD	1	0.914	0.882	0.915	0.939
Eurozone	EUR	1	1.035	1.084	1.079	1.070
China	CNY	1	0.143	0.135	0.142	0.136
Japan	JPY	100	0.794	0.855	0.831	0.879
Denmark	DKK	1	0.139	0.146	0.145	0.144
Republic of Korea	KRW	1,000	0.768	0.812	0.797	0.796
Malaysia	MYR	1	0.219	0.220	0.221	0.222
Canada	CAD	1	0.718	0.692	0.729	0.692
Taiwan	TWD	100	3.294	3.141	3.279	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
Vehicles and 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).

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. 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 accountable 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Geographic region										
Europe	10,644	7,878	33,936	29,116	32,280	21,363	–	12,137	76,860	70,494
North America	184,871	157,125	13,746	12,980	18,261	15,400	–	553	216,879	186,057
Asia	110,263	59,516	81,309	58,021	17,907	11,493	–	1,611	209,479	130,641
Rest of world	312	200	9,381	6,331	811	1,796	–	297	10,503	8,625
Total	**306,091**	**224,718**	**138,371**	**106,449**	**69,259**	**50,052**	**–**	**14,598**	**513,721**	**395,816**

Sales split by market sector In thousands of CHF	2021	2020
PCT		
Semiconductor	286,329	205,171
Others	19,762	19,548
Total, PCT	**306,091**	**224,718**
IXS		
Automotive	51,254	35,430
Electronics	47,276	34,972
Science & new materials	21,836	21,825
Aerospace	13,587	10,508
Others	4,418	3,715
Total, IXS	**138,371**	**106,449**
IXM		
Non-destructive testing	41,646	32,380
Security	12,358	8,151
Others	15,254	9,522
Total, IXM	**69,259**	**50,052**
Total, EBT	**–**	**14,598**
Total net sales	**513,721**	**395,816**

Comet sold the ebeam lamp business to Tetra Pak eBeam Systems SA, Pully, Switzerland, effective November 30, 2020 (see notes 4 and 8).

Unsatisfied performance obligations
The unsatisfied or partly unsatisfied performance obligations (so-called order backlog) as of December 31, 2021 amounted to CHF 255 million (prior year: CHF 166 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 2021 from contract liabilities existing at the beginning of the reporting period amounted to CHF 33.4 million (prior year: CHF 18.4 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 three 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.

Comet sold the ebeam lamp business to Tetra Pak eBeam Systems SA, Pully, Switzerland, effective November 30, 2020. The ebeam Technologies (EBT) division developed, manufactured and marketed compact ebeam sets for the treatment of surfaces in the food and printing industries. 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. Therefore, the segment reporting for fiscal year 2020 has been restated in accordance with IFRS 8. Any activities remaining with Comet are allocated to the respective divisions, while the divested EBT activities are included under "Corporate" for the prior year.

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 2021
In thousands of CHF

	Plasma Control Technologies (PCT)	X-Ray Systems (IXS)	Industrial X-Ray Modules (IXM)	Elimination of intersegment sales	Corporate	Consolidated
Net sales						
External net sales	306,091	138,371	69,259	—	—	513,721
Intersegment sales	—	535	9,687	(10,222)	—	—
Total net sales	**306,091**	**138,906**	**78,946**	**(10,222)**	**—**	**513,721**
Earnings						
Segment operating income	71,864	3,634	10,548	294	—	86,340
Unallocated costs	—	—	—	—	(2,255)	(2,255)
Operating income	**71,864**	**3,634**	**10,548**	**294**	**(2,255)**	**84,085**
Financing expenses						(5,106)
Financing income						3,229
Income before tax						**82,208**
Income tax						(14,771)
Net income						**67,437**
EBITDA	**80,487**	**8,931**	**15,292**	**294**	**(2,255)**	**102,749**
EBITDA in % of net sales	26.3%	6.4%	19.4%			20.0%
Assets and liabilities at Dec. 31, 2021						
Segment assets	153,907	116,142	85,470	—	134,897	490,415
Segment liabilities	(50,890)	(75,497)	(20,290)	—	(68,757)	(215,435)
Net assets	**103,017**	**40,645**	**65,180**	**—**	**66,140**	**274,981**
Other segment information						
Expenditure for right-of-use asset	1,165	861	1,597	—	—	3,623
Expenditure for property, plant and equipment & intangible assets	6,586	1,870	3,011	—	—	11,467
Depreciation, amortization and impairment	8,622	5,297	4,744	—	—	18,663
Change in provisions	262	(1,887)	77	—	—	(1,549)
Other non-cash expense/(income)	(203)	(293)	(47)	24	400	(119)
Number of employees at year end	826	435	310	—	—	1,571

Fiscal year 2020 - Restated In thousands of CHF	Plasma Control Technologies (PCT)	X-Ray Systems (IXS)	Industrial X-Ray[1] Modules (IXM)	Elimination of intersegment sales[1]	Corporate[1]	Consolidated
Net sales						
External net sales	224,718	106,449	51,268	—	13,382	395,816
Intersegment sales	—	314	10,218	(10,532)	—	—
Total net sales	**224,718**	**106,762**	**61,486**	**(10,532)**	**13,382**	**395,816**
Earnings						
Segment operating income/(loss)	41,781	(6,677)	4,080	156	2,158	41,498
Unallocated costs	—	—	—	—	(2,169)	(2,169)
Operating income or (loss)	**41,781**	**(6,677)**	**4,080**	**156**	**(11)**	**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)**	**9,040**	**156**	**1,091**	**58,616**
EBITDA in % of sales	22.0%	– 0.9%	14.7%			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						
Expenditure for right-of-use asset	3,292	10,279	33			13,604
Expenditure for property, plant and equipment & intangible assets	8,531	1,090	3,636	—	254	13,511
Depreciation, amortization and impairment	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	14	1,336	1,860
Number of employees at year end	679	431	293	—	—	1,403

[1] The ebeam Technologies division (EBT) was dissolved with effect from January 1, 2021. Therefore, the segment reporting for the fiscal year 2020 has been restated in accordance with IFRS 8. Any of the EBT activities remaining with Comet are allocated to the respective divisions, while the divested EBT activities are included under "Corporate".

Reconciliation of aggregate segment assets and liabilities to consolidated results

In thousands of CHF	2021	2020
Operating segments' assets	355,519	337,919
Total cash and cash equivalents	115,533	74,681
Other assets	4,863	4,791
Tax receivables	2,612	1,168
Deferred tax assets	11,398	10,653
Comet Holding AG's receivables from third parties	490	60
Total assets	**490,415**	**429,271**
Operating segments' liabilities	(146,678)	(147,289)
Current and non-current debt	(59,571)	(59,976)
Derivatives used for foreign exchange hedging	(177)	(45)
Tax payables	(7,132)	(4,399)
Deferred tax liabilities	(676)	(1,145)
Comet Holding AG's payables to third parties	(1,201)	(1,461)
Total liabilities	**(215,435)**	**(214,315)**

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	2021	2020
Switzerland	7,918	11,581
Germany	30,887	26,914
Rest of Europe	38,055	31,998
Total, Europe	**76,860**	**70,494**
Total, North America	**216,879**	**186,057**
China	98,561	55,101
Japan	26,552	21,775
Rest of Asia	84,365	53,765
Total, Asia	**209,479**	**130,641**
Rest of world	10,503	8,625
Total	**513,721**	**395,816**

Property, plant and equipment, right-of-use assets and intangible assets are allocated to the regions based on the country entities' location.

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

In thousands of CHF	2021	2020
Switzerland	107,062	108,786
Germany	44,288	48,343
North America	13,428	14,053
Rest of world	6,743	5,918
Total	**171,521**	**177,101**

04.3 Sales with key accounts

In the year under review, the Plasma Control Technologies division recorded sales of CHF 156 million with its largest customer, which represented 30.4% of Group sales (prior year: CHF 128 million and 32.4%, respectively).

05 Other operating income

In thousands of CHF	2021	2020
Income from the development of prototypes	2,134	3,134
Customers' contributions to development projects	327	2,039
Government grants	128	227
Miscellaneous income	1,093	28
Total other operating income	**3,682**	**5,428**

06 Staff costs and staff count

06.1 Staff costs

In thousands of CHF	2021	2020
Wages and salaries	143,010	125,669
Employee benefits	23,246	20,505
Total staff costs	**166,256**	**146,174**

06.2 Staff count

	2021	2020
Number of employees (year-end)	1,571	1,403
Average full-time equivalents during the year	1,432	1,325

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

08.1 Disposal of businesses in 2021

In fiscal year 2021, no businesses were divested and there were no changes in the ownership interests that the Group controlled in companies.

In January 2021, the liability for purchase price adjustment of CHF 0.3 million (see note 8.2) was paid to Tetra Pak eBeam Systems SA, Pully, Switzerland.

08.2 Disposal of businesses in 2020

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 was taxable in 2020. The expected tax rate was 13% and the tax effect was therefore CHF 0.5 million.

09 Amortization, depreciation and impairment

In thousands of CHF	**2021**	2020
Amortization of intangible assets	3,579	4,526
Depreciation of right-of-use assets	4,765	4,280
Depreciation of property, plant and equipment	10,319	10,481
Total amortization and depreciation	**18,663**	**19,287**

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

10 Financing income and expenses

In thousands of CHF	**2021**	2020
Interest expense	1,544	1,916
Losses on derivatives used for currency hedging	1,009	1,642
Foreign currency translation losses	2,554	5,099
Total financing expenses	**5,106**	**8,657**

In thousands of CHF	**2021**	2020
Interest income	222	77
Gains on derivatives used for currency hedging	514	2,155
Foreign currency translation gains	2,493	584
Total financing income	**3,229**	**2,816**

In thousands of CHF	**2021**	2020
Net interest expense	1,322	1,838
Net foreign currency translation losses	556	4,002

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	2021	2020
Current income tax expense in respect of the current year	17,904	9,791
Current income tax expense/(credit) in respect of prior years	(1,643)	(1,161)
Deferred income tax expense/(credit)	(1,490)	(2,802)
Total income tax expense	**14,771**	**5,827**

11.2 Reconciliation of tax expense

In thousands of CHF	2021	2020
Income before tax	82,208	33,487
Expected income tax at base tax rate of 22% (prior year: 24%)	18,086	8,037
Effect of tax rates other than base tax rate	(231)	(625)
Effect of tax relief	(1,060)	(351)
Effect of non-tax-deductible expenses	88	215
Effect of change in tax rate on deferred income tax	16	121
Recognition and offset of tax loss carry-forwards not recognized in prior years	—	(248)
Effect of credits for R&D and domestic manufacturing	(535)	(435)
Effect of income tax from other periods	(1,643)	(1,161)
Effect of non-refundable withholding tax	190	201
Other effects	(141)	74
Income tax reported in the income statement	**14,771**	**5,827**
Effective income tax rate in % of income before tax	18.0%	17.4%

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, Switzerland, in the form of a reduction in cantonal and municipal taxes for the period to 2022. For 2021 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:

In thousands of CHF	2021 Assets	2021 Liabilities	2020 Assets	2020 Liabilities
Financial instruments	46	(44)	46	(95)
Receivables	2,431	(436)	4,272	(854)
Inventories	5,778	(1,399)	5,420	(2,370)
Property, plant and equipment	154	(430)	266	(461)
Right-of-use assets	—	(5,616)	—	(6,286)
Intangible assets	288	(1,976)	353	(2,466)
Trade payables and other liabilities	572	(328)	323	(498)
Lease liabilities	5,822	—	6,535	—
Accrued expenses	2,630	—	1,797	—
Provisions	1,084	—	886	—
Employee benefit plan liabilities	1,499	—	1,577	—
Tax loss carryforwards, and tax credits for R&D and domestic manufacturing	647	—	1,061	—
Total gross deferred tax of Group companies	**20,951**	**(10,229)**	**22,537**	**(13,030)**
Netting of deferred tax by Group companies	(9,553)	9,553	(11,885)	11,885
Amounts in the consolidated balance sheet	**11,398**	**(676)**	**10,653**	**(1,145)**

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 141.7 million (prior year: CHF 85.2 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	2021	2020
Net asset at January 1	**9,508**	**8,397**
Origination and reversal of temporary differences recognized in the income statement	1,780	3,360
Recognition of deferred tax assets on loss carryforwards and R&D credits	287	83
Use of tax loss carryforwards	(577)	(641)
Deferred tax credit in the income statement	**1,490**	**2,802**
Deferred tax liability related to the acquisition of a subsidiary	—	(1,019)
Origination and reversal of temporary differences recognized in other comprehensive income	(283)	(181)
Foreign currency translation differences	6	(490)
Net asset at December 31	**10,722**	**9,508**
Reported as assets	11,398	10,653
Reported as liabilities	(676)	(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, 2021, tax loss carryforwards stood at CHF 2.5 million (prior year: CHF 3.2 million). Including tax credits for R&D and domestic manufacturing, the resulting deferred tax assets were CHF 0.6 million (prior year: CHF 1.1 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.

	2021	2020
Weighted average number of shares outstanding	7,768,812	7,766,108
Net income in thousands of CHF	67,437	27,661
Net income per share in CHF, diluted and basic	8.68	3.56

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	**2021**	2020
Trade receivables, gross	66,007	51,232
Impairment of trade receivables	(950)	(933)
Trade receivables, net	**65,057**	**50,299**
Refundable sales taxes and value-added taxes	2,291	2,415
Prepayments to suppliers	1,475	1,206
Contract assets	9,793	5,561
Sundry receivables	2,151	2,303
Total other receivables	**15,710**	**11,485**
Total trade and other receivables	**80,767**	**61,784**

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

In thousands of CHF	**2021**	2020
January 1	**933**	**495**
Added	92	575
Released	(74)	(116)
Foreign currency translation differences	(2)	(21)
December 31	**950**	**933**

The impairment test of trade receivables performed in light of the effects of the COVID-19 pandemic identified no material change in the 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 0.7 million) of trade receivables. Within the item "total other receivables", 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 2021 In thousands of CHF	Expected loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
Trade receivables		**66,007**	**950**	**65,057**
Not past due	0.3%	59,922	209	59,713
Over 30 days past due, impairment recognized	0.5%	3,133	14	3,118
Over 60 days past due, impairment recognized	0.8%	741	6	736
Over 90 days past due, impairment recognized	1.3%	1,050	13	1,037
Over 120 days past due, impairment recognized	1.8%	124	2	122
Over 150 days past due, impairment recognized	68.0% [1]	1,036	706	331

[1] Individual impairment allowances included.

Fiscal year 2020 In thousands of CHF	Expected loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
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.

14 Other assets (including financial assets) and financial liabilities

14.1 Other assets, including financial assets

In thousands of CHF	**2021**	2020
Other assets at fair value through profit or loss		
Derivatives used for foreign exchange hedging	133	394
Total other assets at fair value through profit or loss	**133**	**394**
Other assets at amortized cost		
Lease receivable	2,842	1,465
Restricted cash – post-combination compensation	1,171	1,506
Restricted cash – purchase price holdback for warranties	718	1,426
Other non-current financial assets	184	231
Total other assets at amortized cost	**4,914**	**4,628**
Total other assets	**5,047**	**5,022**
Total current	1,925	1,813
Total non-current	3,122	3,209

14.2 Other financial liabilities

In thousands of CHF	2021	2020
Other financial liabilities at fair value through profit or loss		
Derivatives used for foreign exchange hedging	176	45
Total other financial liabilities at fair value through profit or loss	**176**	**45**
Other financial liabilities at amortized cost		
Liability for purchase price holdback for warranties	718	1,426
Total other financial liabilities at amortized cost	**718**	**1,426**
Total other financial liabilities	**894**	**1,471**
Total current	894	1,471

14.3 Derivative financial instruments

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

In thousands of CHF	2021	2020
USD forward exchange contracts		
Contract amounts	21,573	11,728
Positive fair values	129	394
Negative fair values	160	1
JPY forward exchange contracts		
Contract amounts	385	2,181
Positive fair values	4	—
Negative fair values	—	11
CNY forward exchange contracts		
Contract amounts	502	1,239
Positive fair values	—	—
Negative fair values	16	33

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 in fiscal year 2020, property, plant and equipment is leased to Tetra Pak eBeam Systems SA, some of it with a financing component (non-variable rent payments). In connection with this, equipment with a residual carrying amount of CHF 1.5 million was reclassified to other assets at the end of 2020. The lease receivable showed the following movement in 2021:

Lease receivable movement in thousands of CHF	Lease receivable
January 1, 2021	**1,465**
Additions	1,688
Accretion of interest	66
Lease payments received	(378)
December 31, 2021	**2,842**

The maturity analysis of the lease receivable is as follows:

Lease receivable maturity analysis In thousands of CHF	2022	2023 – 2026	After 2026	Total lease receivable
Maturity analysis as of December 31, 2021				
Undiscounted lease payments	412	1,407	1,321	3,141
Interest portion	(61)	(176)	(62)	(299)
Lease receivable	**351**	**1,231**	**1,259**	**2,842**
	2021	2022 – 2025	After 2025	Total lease receivable
Maturity analysis as of December 31, 2020				
Undiscounted lease payments	181	621	737	1,539
Interest portion	(12)	(42)	(19)	(74)
Lease receivable	**169**	**578**	**718**	**1,465**

Restricted cash

At the time of 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. An initial purchase price holdback of CHF 1.4 million for warranties regarding acquired software technology was also agreed. For the settlement of these elements, cash was transferred to an escrow account in fiscal year 2020, thus restricting access to these funds (see note 20).

In December 2021, the first payments to the former shareholders of ORS and key ORS personnel were released. The payments included CHF 0.3 million of post-combination compensation and CHF 0.7 million of purchase price holdback. As of December 31, 2021, the restricted cash amounted to CHF 1.9 million after the payments (prior year: CHF 2.9 million).

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). In December 2021, a first payment of CHF 0.7 million of purchase price holdback was issued. As of December 31, 2021, the liability for purchase price holdback for warranties therefore amounted to CHF 0.7 million.

15 Inventories

In thousands of CHF	2021	2020
Raw materials and semi-finished products	46,176	37,646
Work in process	17,111	16,198
Finished goods	35,980	40,344
Total inventories	**99,268**	**94,188**

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 2.8 million (prior year: CHF 4.7 million).

16 Prepaid expenses

In thousands of CHF	2021	2020
Contract costs	539	1,754
Other prepaid expenses	3,730	2,920
Total prepaid expenses	**4,269**	**4,674**

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 2.9 million were recognized in the income statement (prior year: CHF 2.4 million).

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

17 Property, plant and equipment

Fiscal year 2021 In thousands of CHF	Real estate	Plant and equipment	Other tangible assets	Assets under construction	Total property, plant and equipment
Cost					
January 1, 2021	**97,681**	**94,593**	**17,593**	**7,968**	**217,834**
Additions	34	3,539	3,272	3,098	9,943
Commissioning of assets under construction	276	4,231	826	(5,333)	—
Reclassifications	—	33	(33)	—	—
Disposals	—	(1,409)	(2,635)	—	(4,045)
Foreign currency translation differences	—	(176)	(66)	(45)	(287)
December 31, 2021	**97,991**	**100,810**	**18,956**	**5,688**	**223,446**
Accumulated depreciation					
January 1, 2021	**30,689**	**60,998**	**13,517**	**—**	**105,204**
Additions	2,518	5,560	2,242		10,320
Reclassifications	(0)	25	(25)		—
Disposals	—	(1,289)	(2,475)		(3,763)
Foreign currency translation differences	—	36	(54)		(18)
December 31, 2021	**33,207**	**65,330**	**13,205**	**—**	**111,743**
Carrying amount					
January 1, 2021	66,991	33,595	4,076	7,968	112,629
December 31, 2021	**64,784**	**35,480**	**5,751**	**5,688**	**111,703**

The disposals of other tangible assets in the fiscal year included no reclassifications of internally produced demonstration equipment to inventories (prior year: CHF 0.5 million), which thus did not result in an flow of funds.

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**

In 2020, 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 was 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 was reclassified in 2020 to other assets (see note 14.4). This reclassification did not lead to an outflow of funds in the consolidated cash flow statement.

Assets pledged or assigned as collateral for Group obligations
At December 31, 2021 and December 31, 2020, all real estate liens (mortgage notes in the amount of CHF 30.0 million) were held within the Group.

18 Right-of-use assets and lease liabilities

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

Fiscal year 2021

In thousands of CHF	Right-of-use assets Buildings	Equipment	Other assets	Total	Lease liabilities
January 1, 2021	**19,973**	**626**	**11**	**20,610**	**21,842**
Additions	3,236	378	9	3,623	3,623
Disposals	(36)	(0)	–	(36)	(36)
Depreciation, amortization and impairment	(4,372)	(383)	(10)	(4,765)	–
Accretion of interest	–	–	–	–	414
Repayment of lease liabilities	–	–	–	–	(4,927)
Payment of interest on lease liabilities	–	–	–	–	(414)
Foreign currency translation differences	(616)	(26)	–	(642)	(662)
December 31, 2021	**18,185**	**595**	**10**	**18,791**	**19,840**

The non-current lease liabilities largely have remaining maturities of two to ten years. The expected future lease payments are presented in note 30.2.3.

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 2020

In thousands of CHF	Right-of-use assets Buildings	Equipment	Other assets	Total	Lease liabilities
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	—	—	—	—	(4,715)
Payment of interest on lease liabilities	—	—	—	—	(445)
Foreign currency translation differences	(142)	(8)	0	(149)	(162)
December 31, 2020	**19,973**	**626**	**11**	**20,610**	**21,842**

The increase in right-of-use assets and in lease liabilities in 2020 was related mainly to the extension of the lease for the Hamburg site.

The composition of the lease expenses in fiscal 2021 and 2020 is shown below:

In thousands of CHF	**2021**	2020
Depreciation, amortization and impairment	4,765	4,280
Interest expenses	414	446
Expenses for short-term leases and other items	59	51
Expense for low-value leases	7	4
Expense for variable lease payments not included in the measurement of lease liabilities	33	29
Total lease expenses	**5,277**	**4,809**

Comet has lease agreements containing extension and termination options (see note 2.5). At December 31, 2021, 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, 2021 amounted to CHF 3.0 million due within the subsequent five years (prior year: CHF 5.8 million) and to CHF 9.1 million for option periods of more than five years (prior year: CHF 11.8 million).

19 Intangible assets

Fiscal year 2021
In thousands of CHF

	Goodwill and trademarks	Customer lists	Technology	Software	Other intangible assets	Total intangible assets
Cost						
January 1, 2021	**32,385**	**21,730**	**5,023**	**25,222**	**122**	**84,482**
Acquisition of a subsidiary	(67)	—	—	—	—	(67)
Additions	—	—	—	1,473	52	1,525
Disposals	—	—	—	(92)	(9)	(101)
Foreign currency translation differences	(772)	(519)	9	(365)	(1)	(1,649)
December 31, 2021	**31,547**	**21,210**	**5,032**	**26,237**	**164**	**84,190**
Accumulated amortization						
January 1, 2021	**0**	**17,996**	**2,012**	**20,578**	**34**	**40,620**
Additions	1	1,426	494	1,632	26	3,579
Disposals	—	—	—	(92)	(9)	(101)
Foreign currency translation differences	—	(560)	(93)	(280)	(1)	(934)
December 31, 2021	**1**	**18,861**	**2,413**	**21,837**	**50**	**43,163**
Carrying amount						
January 1, 2021	32,385	3,734	3,012	4,644	88	43,862
December 31, 2021	**31,545**	**2,349**	**2,619**	**4,400**	**114**	**41,027**

The categories “goodwill and trademarks”, “customer lists” and “technology” were capitalized in connection with business combinations. More details on the acquisition in fiscal year 2020 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 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**

20 Acquisitions

20.1 Acquisitions in 2021

In fiscal year 2021, no companies were acquired and there were no changes in the ownership interests that the Group controlled in companies.

20.2 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.

20.3 Acquired net assets

The measurement of the assets and liabilities was completed within fiscal year 2021. The liability for purchase price adjustment had been estimated at CHF 0.2 million as of December 31, 2020. The actual payment of the purchase price adjustment amounted to CHF 0.1 million, while the remaining CHF 0.1 million was recorded as a goodwill adjustment in the period under review. As a result, the presentation of the assets and liabilities identified at acquisition has been restated to the following:

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[1]	8,978
Goodwill, capitalized[1]	4,710

[1] After adjustment of the liability for purchase price and goodwill in 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[1]	7,552
Purchase price holdback at date of acquisition	1,426
Total consideration	**8,978**
Liability for purchase price adjustment[1]	(101)
Cash and cash equivalents acquired	(488)
Net cash outflow on acquisition	**8,389**

[1] After adjustment of the liability for purchase price and goodwill in fiscal year 2021.

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 did 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 were recognized in general and administrative expenses in fiscal year 2020.

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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, 2021. 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 2022 to 2024. 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 1.5%, 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 4.7 million (see note 20). The goodwill was included in the impairment testing as of September 30, 2021.

Carrying amount of the assets tested

	X-Ray Systems (IXS) CGU		Industrial X-Ray Technology (IXT) CGU		Total	
In thousands of CHF	**2021**	2020	**2021**	2020	**2021**	2020
Goodwill	22,601	23,341	6,873	6,873	29,475	30,214
Trademarks (Yxlon)	2,071	2,171	—	—	2,071	2,171
Total carrying amount	**24,672**	**25,512**	**6,873**	**6,873**	**31,545**	**32,385**

Assumptions applied in the valuation model

	X-Ray Systems (IXS) CGU		Industrial X-Ray Technology (IXT) CGU	
	2021	2020	**2021**	2020
Discount rate (WACC) before tax	10.3%	12.0%	11.2%	11.1%
Growth rate of terminal value	1.5%	1.0%	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 (2022 to 2024):

- Growth assumptions: Sales revenue is projected by product group and region. Based on the recovering situation of 2021 as the starting point, the average annual rate of sales growth is assumed to be 9.5% for IXS (prior year: 17%) and 16.2% for IXT (prior year: 12%).
- Gross margins: Gross margins in the medium term are expected to average approximately 39% for IXS (prior year: 37%) and 50% for IXT (prior year: 44%). 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 2021 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

The bond maturing on April 20, 2021 was repaid and refinanced using a new bond issued by Comet Holding AG on April 20, 2021 in the amount of CHF 60 million. The bond was issued at par. The term of the bond is five years and it matures on April 20, 2026. The fixed coupon rate over the term is 1.30%, payable annually on April 20. The bond is listed on the SIX Swiss Exchange (Swiss security number 110 109 656, ticker symbol COT21).

At the end of the fiscal year under review, Comet had undrawn credit facilities of CHF 57.3 million (prior year: CHF 58.5 million). Of this total, CHF 3.8 million (prior year: CHF 6.2 million) was reserved for hedging transactions.

22.1 Movement in debt

Fiscal year 2021 In thousands of CHF	Jan. 1, 2021	Cash flows	Reclassif. from non-current to current	Unwinding of discount, and remeasurement	Foreign currency translation differences	Dec. 31, 2021
Current debt	59,976	(60,000)	—	24	—	—
Non-current debt	—	59,503	—	68	—	59,571
Total debt	**59,976**	**(497)**	**—**	**93**	**—**	**59,571**

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**

23 Trade and other payables

In thousands of CHF	2021	2020
Trade payables	26,095	26,733
Sundry payables	5,428	4,985
Sales commissions	3,593	4,890
Total financial liabilities	**35,116**	**36,608**
Sales tax and value-added tax	1,321	681
Total other payables	**1,321**	**681**
Total trade and other payables	**36,437**	**37,289**

24 Accrued expenses

In thousands of CHF	2021	2020
Accrued staff costs	21,256	8,613
Other accrued expenses	14,460	12,816
Total accrued expenses	**35,716**	**21,429**

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 2021 In thousands of CHF	Warranties	Other provisions	Total provisions
January 1, 2021	**6,000**	**2,535**	**8,535**
Added	6,717	307	7,024
Used	(5,624)	(1,524)	(7,148)
Released	(1,015)	(410)	(1,425)
Foreign currency translation differences	59	(35)	24
December 31, 2021	**6,137**	**873**	**7,010**
Of which:			
January 1, 2021			
Current provisions	6,000	2,466	8,466
Non-current provisions	—	69	69
December 31, 2021			
Current provisions	6,137	605	6,743
Non-current provisions	—	267	267

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.

26 Employee benefits

26.1 Employee benefit plan liabilities

The employee benefit plan liabilities of the Group are summarized in the following table.

In thousands of CHF	**2021**	2020
Defined benefit liability in Switzerland	10,806	12,448
Defined benefit liability in Germany	776	892
Total defined benefit liability	**11,582**	**13,340**
Provision for length-of-service awards	1,415	1,468
Total employee benefit plan liabilities	**12,997**	**14,808**

26.2 Defined benefit plans

Comet maintains defined benefit pension plans in Switzerland and Germany. These plans differ according to their particular purpose and are based on the legal requirements in the respective countries.

Switzerland

The defined benefit plans are managed within a collective foundation. 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. Both plans are managed under a fully insured pension model and thus, all investment risk is carried by the pension fund, or ultimately by the insurer. The plans are administered by the collective foundation, 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. 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	
	2021	2020	**2021**	2020
Discount rate at January 1	0.15%	0.20%	0.40%	0.60%
Discount rate at December 31	0.30%	0.15%	0.80%	0.40%
Expected rate of salary increases	1.00%	1.00%	–	–
Life tables used as basis for life expectancies	BVG 2020 GT	BVG 2015 GT	Heubeck 2018 GT	Heubeck 2018 GT

In the year under review, the life expectancy for Switzerland is based on the generation table BVG 2020, which is the latest available database (prior year: generation table BVG 2015).

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

Fiscal year 2021 In thousands of CHF	Present value of defined benefit obligation	Fair value of plan assets	**Net carrying amount recognized in balance sheet**
January 1	**(76,823)**	**63,484**	**(13,340)**
Current service cost	(3,482)	—	(3,482)
Past service cost	545	—	545
Administration cost, excl. cost of managing plan assets	(37)	—	(37)
Current service cost	**(2,974)**	**—**	**(2,974)**
Interest (expense)/income	(169)	101	(68)
Defined benefit cost recognized in the income statement	**(3,143)**	**101**	**(3,042)**
Return on plan assets, excluding interest income	—	310	310
Actuarial gain arising from changes in financial assumptions	746	—	746
Actuarial gain arising from changes in demographic assumptions	1,786	—	1,786
Actuarial loss arising from experience adjustments	(889)	—	(889)
Defined benefit cost recognized in other comprehensive income	**1,644**	**310**	**1,954**
Benefits paid-in/deposited	1,015	(996)	19
Employee contributions	(2,107)	2,107	—
Employer contributions	—	2,790	2,790
Foreign currency translation differences	86	(50)	36
December 31	**(79,329)**	**67,747**	**(11,582)**
Reported on the face of the balance sheet as:			
an asset			—
a liability			(11,582)

The board of directors of the foundation decided in March 2021 to reduce the pension conversion rates with effect from the year 2022 and 2023. Under IAS 19, 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 with a positive pre-tax effect of CHF 0.5 million.

The average duration of the defined benefit obligation was 11.7 years.

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 on the face of the balance sheet as:			
an asset			—
a liability			(13,340)

Key figures by country

	Switzerland		Germany	
In thousands of CHF	**2021**	2020	**2021**	2020
Present value of defined benefit obligation	(77,525)	(74,829)	(1,804)	(1,994)
Fair value of plan assets	66,719	62,381	1,028	1,103
Net carrying amount recognized in the balance sheet	**(10,806)**	**(12,448)**	**(776)**	**(892)**
Defined benefit cost recognized in the income statement	(3,038)	(3,631)	(4)	(5)
Defined benefit cost recognized in other comprehensive income	1,890	1,382	64	10

The employer contributions to the plans in Switzerland for fiscal year 2022 are expected to amount to CHF 3.6 million.

Major categories of plan assets

In thousands of CHF	**2021**	2020
Assets from insurance contract	67,747	63,484
Total plan assets without a quoted market price	**67,747**	**63,484**

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 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

	Switzerland		Germany	
In thousands of CHF	**2021**	2020	**2021**	2020
Discount rate: 0.25% decrease	79,861	77,294	1,749	2,059
Discount rate: 0.25% increase	75,339	72,529	1,859	1,932
Expected rate of salary growth: 0.25% decrease	77,405	74,704	1,803	1,994
Expected rate of salary growth: 0.25% increase	77,633	74,947	1,803	1,994
Life expectancy: 1-year increase	78,282	75,601	1,889	2,089
Life expectancy: 1-year decrease	76,770	74,055	1,717	1,900

26.3 Defined contribution plans

The contributions paid to defined contribution plans in the fiscal year amounted to CHF 6.8 million (prior year: CHF 5.7 million).

26.4 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	**2021**	2020
Provision at January 1	**1,468**	**1,476**
Current service cost	184	181
Interest cost	4	5
Benefits paid	(188)	(143)
Actuarial losses/(gains)	(10)	(46)
Foreign currency translation differences	(43)	(5)
Provision at December 31	**1,415**	**1,468**

27 Equity capital structure and shareholders

27.1 Capital stock

The capital stock at January 1, 2021 was CHF 7,767,887, divided into 7,767,887 registered shares with a par value of CHF 1.00 per share.

In fiscal year 2021 the capital stock was increased by 1,647 shares from the portion of authorized capital designated for equity-based compensation. Including the increase of 1,647 shares from this portion of authorized capital, Comet Holding AG at December 31, 2021 thus had a new total of CHF 7,769,534 of capital stock, divided into 7,769,534 registered shares with a par value of CHF 1.00 per share. The capital stock is fully paid in.

At its meeting on June 10, 2021 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 Articles of Association of Comet Holding AG, were updated to reflect the change in capital stock.

	2021		2020	
	Number of shares	Par value in CHF	Number of shares	Par value in CHF
January 1	7,767,887	7,767,887	7,764,208	7,764,208
Increase in capital from the portion of authorized capital designated for equity compensation	1,647	1,647	3,679	3,679
December 31	7,769,534	7,769,534	7,767,887	7,767,887

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

27.2 Authorized capital for equity compensation

Under article 3b of its Articles of Association, 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 2021, in accordance with the compensation plan, the members of the Board of Directors were granted a total of 570 shares of stock in payment of CHF 131,864 of fixed retainers due for fiscal year 2020. In addition, as part of their compensation for 2021, the members of the Board of Directors were granted a total of 283 shares in payment of CHF 65,469 of fixed retainers due for the period from January 1, 2021 to the 2021 Annual Shareholder Meeting. The fully paid shares were applied to the retainers due at a price of CHF 231.34 per share.

Members of the Executive Committee were granted a total of 794 shares in payment of CHF 183,684 of profit-sharing compensation due for fiscal year 2020. The fully paid shares were applied to the compensation due at a price of CHF 231.34 per share.

The shares are issued at the applicable stock price at the time of issuance, which may differ from the above-mentioned allotment price. As a result of these grants of a total of 1,647 shares made in 2021, the Company's unissued authorized capital for equity-based compensation showed the following movement:

	2021		2020	
	Number of shares	Par value in CHF	Number of shares	Par value in CHF
January 1	195,233	195,233	198,912	198,912
Increase in capital (awards to Board of Directors for prior term's retainer and to Executive Committee for prior year's profit-sharing compensation)	(1,647)	(1,647)	(3,679)	(3,679)
December 31	193,586	193,586	195,233	195,233

At the end of the year, the remaining unissued authorized capital for equity-based compensation was CHF 193,586, or 2.5% of the existing capital stock.

27.3 Authorized capital for other capital increases

At December 31, 2021, in addition to shares outstanding and to unissued authorized capital for equity compensation, the Company had unissued authorized capital for purposes set out in article 3a of the Articles of Association (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, 2021 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**
UBS Fund Management (Switzerland AG)		5.23%
Pictet Asset Management SA (Direction de Fonds)		4.85%
Credit Suisse Funds AG		3.22%
The Capital Group Companies Inc.	Capital Research and Management Company	3.16%
Universal Investment Gesellschaft mit beschränkter Haftung		3.04%
Blackrock Inc.		3.02%

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, trade secret misappropriation, patent law, export regulations, tax law and competition law. The outcomes of currently pending and future legal proceedings cannot be predicted with certainty and may thus have adverse or positive 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 37.9 million (prior year: CHF 17.5 million), of which CHF 20.3 million were current in nature (prior year: CHF 9.4 million) and CHF 17.6 million mature in the five-year period that begins in 2023 (prior year: CHF 8.1 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, 2021 (prior year: nil).

29 Financial instruments

29.1 Classes of financial instruments

Fiscal year 2021 In thousands of CHF	Financial assets		Financial liabilities		
	FVTPL [1]	At amortized cost	FVTPL [1]	At amortized cost	Fair value
Cash and cash equivalents	—	115,533	—	—	*
Trade and other receivables, net	—	67,208	—	—	*
Derivatives	133	—	176	—	(44)
Other assets – financial assets, excluding derivatives	—	3,744	—	—	*
Trade and other payables	—	—	—	35,116	*
Liability for purchase price holdback for warranties	—	—	—	718	*
Lease liabilities	—	—	—	19,840	*
Non-current debt, fixed rate	—	—	—	59,571	62,820
Total	**133**	**186,484**	**176**	**115,244**	
Interest income or (expense)	—	222	—	(1,544)	
Gain or (loss) on derivatives	514	—	(1,009)	—	
Change in impairment and losses on trade receivables	—	(17)	—	—	
Total net gain or (loss) recognized in the income statement	**514**	**205**	**(1,009)**	**(1,544)**	

1 At fair value through profit or loss.
* The carrying amount approximates fair value.

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	—	—	*
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**	**130,404**	**45**	**119,852**	
Interest income or (expense)	—	77	—	(1,916)	
Gain or (loss) on derivatives	2,155	—	(1,642)	—	
Change in impairment and losses on trade receivables	—	(438)	—	—	
Total net gain or (loss) recognized in the income statement	**2,155**	**(361)**	**(1,642)**	**(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.

29.2 Fair values of financial instruments

The only differences between fair values and carrying amounts occurred for the CHF 60 million bond, where the quoted market price is used as the fair value (Level 1). As of December 31, 2021 the bond is presented under non-current debt, fixed rate (prior year: presented under current debt, fixed rate).

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	**2021**	2020
Current debt and lease liabilities	3,949	64,174
+ Non-current debt and lease liabilities	75,462	17,644
./. Cash and cash equivalents	115,533	74,681
Net debt	**(36,122)**	**7,137**
EBITDA	102,749	58,616
Debt ratio (divided by EBITDA)	**(0.4)**	**0.1**
Shareholders' equity	274,981	214,956
Equity ratio (equity in % of total assets)	**56.1%**	**50.1%**

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 partially 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 curren-

cy 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 2021	Increase in exchange rate in %	Effect on income before tax in thousands of CHF	Effect on equity in thousands of CHF
EUR / CHF	+10	+2,131	+310
USD / CHF	+10	+7,788	–

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

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. However, all debt – i.e., the bond – is 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 debts, nor therefore on income before tax or on equity.

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	2021 Rating *	2021 Balance	2020 Rating *	2020 Balance
Bank A	A-	62,705	A+	31,620
Bank B	AAA	5,091	AAA	4,271
Bank C	A	17,306	A	7,467
Bank D	n/a	3,445	n/a	4,045
Bank E	BBB+	4,920	A-	15,411
Bank F	A-	12,739	A+	7,564
Other counterparties		9,327		4,303
Total bank deposits		**115,533**		**74,681**

* 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 2021 In thousands of CHF	Carrying amount	Payments due by period			
		Total	2022	2023 – 2026	after 2026
Debt	59,571	63,358	780	62,578	—
Lease liabilities	19,840	21,766	4,278	8,933	8,554
Financial liabilities	35,116	35,116	35,116	—	—
Other financial liabilities	894	894	894	—	—
Total	**115,421**	**121,134**	**41,068**	**71,512**	**8,554**

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**

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 remaining 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 1.3 million (prior year: CHF 0.4 million). The amount included CHF 0.1 million for stock already awarded to the Board of Directors in 2021.

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	**2021**	2020
Cash compensation, including short-term employee benefits	4,631	2,634
Contributions to post-employment benefit arrangements	311	234
Expense for share-based payments	1,258	431
Total compensation	**6,200**	**3,299**

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 2022 Annual Shareholder Meeting to pay a dividend of CHF 3.50 per share in relation to fiscal year 2021, from retained earnings. In relation to the prior year, Comet paid a dividend of CHF 1.30 per share from retained earnings. The total amount of the proposed dividend in relation to fiscal year 2021 is CHF 27.2 million (prior year: CHF 10.1 million).

35 Release of the consolidated financial statements for publication

On March 1, 2022, the Board of Directors released these financial statements for publication. The Board will present the financial statements to the Annual Shareholder Meeting on April 14, 2022 for approval.

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To the General Meeting of
Comet Holding Ltd., Flamatt

Berne, 1 March 2022

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 2021 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 65 to 114) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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 31.5 million as of 31 December 2021 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.

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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.

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

MARTIN MATTES 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	2021	%	2020	%
Dividend income	17,374		14,482	
Other financing income	1,781		2,260	
Total income	**19,155**	**100.0%**	**16,742**	**100.0%**
Financing expenses	(1,081)		(1,697)	
Other operating expenses	(2,343)		(2,523)	
Total expenses	**(3,423)**	**– 17.9%**	**(4,219)**	**– 25.2%**
Net income for the year	**15,732**	**82.1%**	**12,522**	**74.8%**

Balance sheet

In thousands of CHF	Note	Dec. 31, 2021	%	Dec. 31, 2020	%
Assets					
Cash and cash equivalents		846		655	
Other current receivables from subsidiaries		196		88	
Prepaid expenses		490		60	
Total current assets		**1,532**	**0.7%**	**804**	**0.4%**
Non-current financial assets – loans	3	117,240		112,401	
Investments in subsidiaries	2	86,632		86,632	
Total non-current assets		**203,873**	**99.3%**	**199,033**	**99.6%**
Total assets		**205,405**	**100.0%**	**199,836**	**100.0%**
Liabilities and shareholders' equity					
Other current liabilities to non-Group entities		113		—	
Other current liabilities to shareholders and governing bodies		132		344	
Current interest-bearing liabilities		—		60,000	
Accrued expenses		1,088		1,461	
Non-current interest-bearing liabilities	8	60,000		—	
Total liabilities		**61,333**	**29.9%**	**61,805**	**30.9%**
Capital stock	5	7,770		7,768	
Statutory capital reserve		1,918		1,540	
Statutory earnings reserve		4,967		4,967	
Retained earnings brought forward		113,685		111,235	
Net income for the year		15,732		12,522	
Total retained earnings		129,417		123,757	
Total shareholders' equity		**144,072**	**70.1%**	**138,031**	**69.1%**
Total liabilities and shareholders' equity		**205,405**	**100.0%**	**199,836**	**100.0%**

Statement of changes in equity

In thousands of CHF	Capital stock	Capital reserve	General legal reserve	Retained earnings	Total shareholders' equity
December 31, 2018	**7,760**	**8,434**	**4,967**	**106,479**	**127,639**
Net income	–	–	–	14,044	14,044
Dividend payment to shareholders of Comet Holding AG	–	(7,760)	–	(1,552)	(9,312)
Increase in capital stock	4	420	–	28	452
December 31, 2019	**7,764**	**1,093**	**4,967**	**118,999**	**132,823**
Net income	–	–	–	12,522	12,522
Dividend payment to shareholders of Comet Holding AG	–		–	(7,764)	(7,764)
Increase in capital stock	4	447	–	–	450
December 31, 2020	**7,768**	**1,540**	**4,967**	**123,757**	**138,031**
Net income	–	–	–	15,732	15,732
Dividend payment to shareholders of Comet Holding AG	–		–	(10,098)	(10,098)
Increase in capital stock	2	405	–	–	407
Alignment of capital reserve[1]	–	(27)	–	27	–
December 31, 2021	**7,770**	**1,918**	**4,967**	**129,417**	**144,072**

[1] In the period under review, the amount of the capital reserve reported in these financial statements was aligned to the amount of the capital reserve reported to the tax authorities.

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, 2021 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.

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

02 Investments in subsidiaries

Comet Holding AG directly held the following companies at December 31, 2021:

Company	Registered office	Currency	Capital stock	Equity interest in % [1]	
				2021	2020
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	Taastrup, Denmark	DKK	601,000	100%	100%
Comet Technologies Japan KK [2]	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%	100%
Object Research Systems (ORS) Inc.	Montreal, Canada	CAD	15,001,000	100%	100%
Comet Solutions Taiwan Ltd.	Hsinchu County, Taiwan	TWD	5,000,000	100%	100%

1 Comet Holding AG also holds 100% of the voting rights in all companies.
2 The company was renamed "Comet Technologies Japan KK" from "Yxlon International KK".

03 Non-current financial assets – loans

Loans to subsidiaries were as follows:

In thousands of CHF	2021	2020
Comet AG	95,133	77,063
Comet Technologies USA, Inc.	1,566	14,080
Yxlon International GmbH	10,943	14,792
Comet Technologies Denmark A/S	2,225	2,059
Comet Technologies Malaysia Sdn. Bhd.	7,193	4,407
Comet Solutions Taiwan Ltd.	180	—
Total loans to subsidiaries	**117,240**	**112,401**

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, 2021	CHF 336.50
Market capitalization at December 31, 2021	CHF 2,614 million

Assorted financial metrics on the stock of Comet Holding AG are provided in section "information for investors" of the annual report.

Listed and non-listed Group companies
Comet Holding AG has no publicly traded subsidiaries. The companies consolidated in the Group are presented in note 2, "Investments in subsidiaries".

Registered shareholders
At December 31, 2021, Comet Holding AG had 6,206 voting shareholders of record (i.e., voting shareholders registered in the share register; prior year: 3,853). Of the total issued registered stock, 100% (prior year: 100%) represented free float. Comet Holding AG held no treasury stock at December 31, 2021 (prior year: nil). The structure of share ownership size classes among the shareholders of record at December 31, 2021 was as follows:

Number of shares	Number of shareholders
1 to 1,000	5,837
1,001 to 10,000	306
10,001 to 50,000	47
50,001 to 100,000	12
More than 100,000	4

This analysis includes only the stock of shareholders who were registered in the share register. At December 31, 2021 the shares of unregistered owners amounted to 46% of the total (prior year: 36%).

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 Financial Market Infrastructure Act (FinMIA) 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, 2021 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
UBS Fund Management (Switzerland AG)		5.23%
Pictet Asset Management SA (Direction de Fonds)		4.85%
Credit Suisse Funds AG		3.22%
The Capital Group Companies Inc.	Capital Research and Management Company	3.16%
Universal Investment Gesellschaft mit beschränkter Haftung		3.04%
Blackrock Inc.		3.02%

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 2021
In the fiscal year, 24 reportable announcements were published. For a complete list of all announcements under section 125 FinMIA, 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, 2021 was CHF 7,767,887, divided into 7,767,887 registered shares with a par value (nominal value) of CHF 1.00 per share.

In fiscal year 2021 the capital stock was increased by 1,647 shares from the portion of authorized capital designated for equity-based compensation. Including the increase of 1,647 shares from this portion of authorized capital, Comet Holding AG at December 31, 2021 thus had a new total of CHF 7,769,534 of capital stock, divided into 7,769,534 registered shares with a par value of CHF 1.00 per share. The capital stock is fully paid in.

At its meeting on June 10, 2021 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 Articles of Association of Comet Holding AG, were updated to reflect the change in capital stock.

		2021		2020
	Number of shares	**Par value in CHF**	Number of shares	Par value in CHF
January 1	7,767,887	7,767,887	7,764,208	7,764,208
Increase in capital from the portion of authorized capital designated for equity compensation	1,647	1,647	3,679	3,679
December 31	7,769,534	7,769,534	7,767,887	7,767,887

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

Authorized capital for equity compensation
Under article 3b of its Articles of Association, 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 2021, in accordance with the compensation plan, the members of the Board of Directors were granted a total of 570 shares of stock in payment of CHF 131,864 of fixed retainers due for fiscal year 2020. In addition, as part of their compensation for 2021, the members of the Board of Directors were granted a total of 283 shares in payment of CHF 65,469 of fixed retainers due for the period from January 1, 2021 to the 2021 Annual Shareholder Meeting. The fully paid shares were applied to the retainers due at a price of CHF 231.34 per share.

Members of the Executive Committee were granted a total of 794 shares in payment of CHF 183,684 of profit-sharing compensation due for fiscal year 2020. The fully paid shares were applied to the compensation due at a price of CHF 231.34 per share.

As a result of these grants of a total of 1,647 shares made in 2021, the Company's unissued authorized capital for equity-based compensation showed the following movement:

	2021 Number of shares	2021 Par value in CHF	2020 Number of shares	2020 Par value in CHF
January 1	195,233	195,233	198,912	198,912
Increase in capital (awards to Board of Directors for prior term's retainer and to Executive Committee for prior year's profit-sharing compensation)	(1,647)	(1,647)	(3,679)	(3,679)
December 31	193,586	193,586	195,233	195,233

At the end of the year, the remaining unissued authorized capital for equity-based compensation was CHF 193,586, or 2.5% of the existing capital stock.

Authorized capital for other capital increases
At December 31, 2021, in addition to shares outstanding and unissued authorized capital for equity-based compensation, the Company had unissued authorized capital for purposes set out in article 3a of the Articles of Association (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 members of the Board of Directors and Executive Committee are disclosed below. This disclosure includes all persons who held positions on the Board of Directors or Executive Committee for all or part of the year under review, regardless of whether they still did so at the balance sheet date. The shareholdings shown include those of respective related parties.

	Total number of shares		Of which: number of shares subject to holding periods ending on			Freely disposable	**Share of voting rights**	
	2021	2020	4/26/2022	4/24/2023	4/23/2024		**2021**	2020
Heinz Kundert Chair of the Board / Chief Executive Officer (CEO until August 31, 2020)	**4,505**	4,220	–	656	285	3,564	**0.1%**	0.1%
Mariel Hoch Vice Chair (since April 22, 2021) and member of the Board	**1,344**	1,202	359	328	142	515	**0.0%**	0.0%
Rolf Huber Vice Chair and member of the Board (until April 22, 2021)	**879**	14,292	359	328	142	50	**0.0%**	0.2%
Gian-Luca Bona Member of the Board	**5,994**	6,352	359	328	142	5,165	**0.1%**	0.1%
Patrick Jany Member of the Board	**2,855**	2,713	–	328	142	2,385	**0.0%**	0.0%
Tosja Zywietz Member of the Board (since April 22, 2021)	**–**	–	–	–	–	–	**–**	–
Kevin Crofton Chief Executive Officer (since September 1, 2020)	**9,168**	8,000	–	–	165	9,003	**0.1%**	0.1%
Stephan Haferl President of X-Ray Modules division	**488**	367	104	99	118	167	**0.0%**	0.0%
Michael Kammerer President of Plasma Control Technologies division	**377**	1,051	122	116	139	–	**0.0%**	0.0%
Lisa Pataki Chief Financial Officer (since October 1, 2020)	**36**	–	–	–	36	–	**0.0%**	–
Keighley Peters Chief Information Officer (since December 28, 2020)	**1**	–	–	–	1	–	**0.0%**	–
Eric Dubuis Chief Information Officer (until January 31, 2021)	**280**	455	90	86	104	–	**0.0%**	0.0%
Thomas Wenzel President of X-Ray Systems division (until April 30, 2021)	**258**	158	–	83	99	76	**0.0%**	0.0%

Each 10,000 registered shares of Comet Holding AG, of a par value of CHF 1.00 per share, represented 0.1287% of all voting power (prior year: 0.1287%). The members of the Board of Directors and Executive Committee held an aggregate total of 0.3% of voting rights (prior year: 0.5%). No material changes in ownership interests arose after the balance sheet date of December 31, 2021.

07 Options and conversion rights

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

08 Bond

The bond maturing on April 20, 2021 was repaid and replaced with a new bond issued by Comet Holding AG on April 20, 2021 in the amount of CHF 60 million. The bond was issued at par. The term of the bond is five years and it matures on April 20, 2026. The fixed coupon rate over the term is 1.30%, payable annually on April 20. The bond is listed on the SIX Swiss Exchange (Swiss security number 110 109 656, ticker symbol COT21).

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 2021 and 2020 in terms of the annual average number of full-time equivalents was less than ten.

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 1, 2022 for publication and will present them to shareholders for approval at the Annual Shareholder Meeting on April 14, 2022.

Board of Directors’ proposal for the appropriation of retained earnings

01 Retained earnings in 2021

In thousands of CHF	2021
Earnings brought forward	113,685
Net income for the year	15,732
Retained earnings available for distribution	**129,417**

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 3.50 per share from retained earnings.

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

In thousands of CHF	2021
Retained earnings at December 31, 2021	**129,417**
Dividend payment of CHF 3.50 per share	(27,193)
Retained earnings carried forward	**102,224**

Provided the proposal is approved, the dividend of CHF 3.50 per entitled share, less 35% withholding tax, will be paid on April 22, 2022.

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To the General Meeting of
Comet Holding Ltd., Flamatt

Berne, 1 March 2022

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 120 to 128), for the year ended 31 December 2021.

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 2021 comply with Swiss law and the company's articles of incorporation.

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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.

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

MARTIN MATTES Licensed audit expert (Auditor in charge)	PHILIPPE WENGER Licensed audit expert